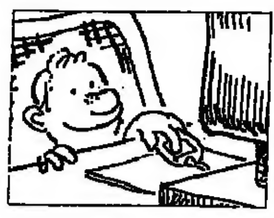
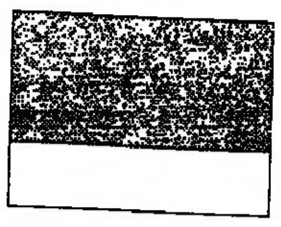
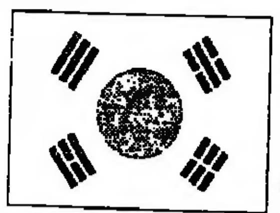
Nafta debate
Mexico is worried too
Page 13



Shopping by screen
Tapping into convenience
Page 10



Plunge into poverty
Bleak picture of Serbia's economy
Page 3



Korean finance
Freedom on the agenda
Survey, Pages 25-28

FINANCIAL TIMES

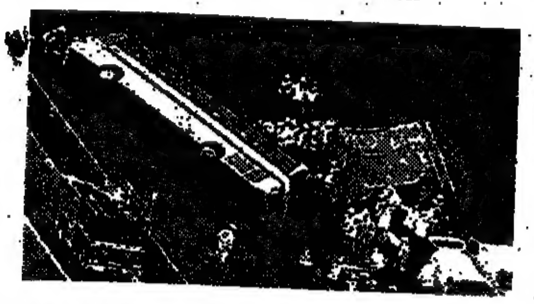
Europe's Business Newspaper

THURSDAY NOVEMBER 11 1993 D8523A

US agrees next stage of Concorde replacement

The US National Aeronautics and Space Administration will start work next year on the air frame, propulsion and systems technologies of a 300-seat supersonic airliner to replace the Anglo-French Concorde. This second phase of the project is expected to last seven years and to cost $1.2bn. Page 14

Ten die in US tourist coach crash



Ten people were killed and 36 injured, two of them seriously, when a coach (above) carrying 44 American tourists on a day trip to Canterbury in south-east England skidded off a motorway and plunged down an embankment.

Moderate US inflation rate: The underlying rate of US inflation remained moderate despite a 0.4 per cent gain in consumer prices last month, the Labour Department said. The year-on-year rate of inflation rose to 2.8 per cent. Page 4

VW loss cut: Group net profits of DM70m ($43.2m) in the third quarter helped Volkswagen reduce losses for the first nine months of this year to DM1.53bn. Page 15

News Corporation, media, film and publishing group, reported a 21.4 per cent increase in third-quarter after-tax profits to A$262.3m (US$175m). Associated companies, including satellite broadcaster BSkyB, were largely responsible. Page 15; Lex, Page 14

Gore scores on Nafta: Vice-President Al Gore was judged the clear winner in Tuesday night's debate with Ross Perot on the North American Free Trade Agreement ahead of next week's crucial House of Representatives vote on the issue. Page 5; **No such thing as a free treaty,** Page 13

Diabetes success: A drug produced by Bristol-Myers Squibb, US drug company, has reduced deaths from diabetes by 50 per cent. Page 15; **Medicines sales down,** Page 5

US-UK link-up to fight fraud: The US and Britain signed an unprecedented agreement establishing a US-UK police team to investigate fraud and financial crime in Britain's five dependent territories in the Caribbean. Page 7

London SE boss: Michael Lawrence, finance director of the Prudential Corporation, biggest UK insurer, is expected to be named chief executive of the London Stock Exchange today. Page 7

AT&T favoured over BT: Corporate customers of British Telecommunications believe AT&T, US telecommunications giant, would give a better all-round service than BT in the UK, according to an industry survey. Page 8

European joblessness to rise: Unemployment in the European Union will continue to rise until mid-1995, with more than 18m people expected to be out of work in the next two years, the European Commission forecast. Page 2

Eight Russian groups barred: The Russian election commission disqualified eight of the 21 political groups which had sought to register for parliamentary elections on December 12, because they did not gather the required 100,000 signatures. Page 3; **Russia's future may be another country,** Page 3

'Prime sites' for Nigerian ministers: Nigerian government ministers and senior army officers have been allocated prime building sites on land in Lagos, according to evidence filed in the High Court. Page 6

US tax penalty for Nissan: The Japanese carmaker has paid nearly Y17bn ($160.4m) in penalty taxes to the US Internal Revenue Service, after a ruling it avoided US taxes by transferring income from the US to Japan. Page 6

Construction chief held: Francesco Caltagirone, chairman of the Caltagirone CALLMI group, one of Italy's largest cement and construction groups, was arrested in connection with the country's corruption investigations.

■ STOCK MARKET INDICES

FT-SE 100:	3,098.5	(+2.5)
Yield	3.82	
FT-SE Eurotrack 100	1,334.9	(-11.97)
FT-A All-Share	1,529.31	(+0.1%)
Nikkei	18,121.71	(-4.0)
New York: lunchtime		
Dow Jones Ind Ave	3,655.44	(+15.37)
S&P Composite	462.49	(+2.16)

■ US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	3.168%
Long Bond	100⅞
Yield	6.18%

■ LONDON MONEY

3-mo Interbank	5 21/32%	(5 11/16%)
Liffe long gilt future:	Dec 113 13/32	(Dec114 3/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$15.58	(15.52)

■ Gold

New York Comex (Dec)	$377.4	(376.5)
London	$376.75	(375.6)

■ STERLING

New York lunchtime:		
$	1.4773	
London:		
$	1.476	(1.4685)
DM	2.4975	(2.49)
FFr	8.705	(8.68)
SFr	2.2025	(2.1975)
Y	158.25	(159.0)
£ Index	80.4	(80.1)

■ DOLLAR

New York lunchtime:		
DM	1.6915	
FFr	5.8945	
SFr	1.493	
Y	107.06	
London:		
DM	1.692	(1.695)
FFr	5.8975	(5.91)
SFr	1.493	(1.497)
Y	107.2	(108.25)
$ Index	66.4	(66.6)

Tokyo close Y 107.88

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y600	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.600	Poland	Zl 32,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L8000
						UAE	Dh11.00

Euro Disney shares plunge as $930m loss is announced

Worse-than-expected results increase pressure on parent company for capital restructuring to rescue leisure group

By John Ridding in Paris and Martin Dickson in New York

EURO DISNEY, the European leisure group controlled by Walt Disney of the US, yesterday announced a net loss of FFr5.3bn ($930m) for the year to September 30, prompting a sharp fall in the company's shares on international stock markets.

The losses were higher than expected, and included a write-off of FFr3.6bn for pre-opening costs at the Euro Disneyland theme park in the eastern outskirts of Paris, and for planned redundancies.

The exceptional charges represented a serious blow to the company's capital base, reducing shareholders' equity to just FFr1.5bn compared with FFr7bn at the end of September last year, using French accounting standards.

Euro Disney said it had written off all of its pre-opening costs, including marketing and training expenses, to improve its future results. But the scale of the losses increased the urgency of capital restructuring at the group and put pressure on Walt Disney to help rescue the European leisure company.

Mr Philippe Bourguignon, Euro Disney's chairman, said the company would require significant funding throughout the current financial year. He said negotiations were underway with its banks and Walt Disney and that he hoped to complete a restructuring plan soon.

Industry observers said the fate of Euro Disney largely rested in the hands of Walt Disney.

"It is make-your-mind-up time", said one analyst.

He said the US group faced a difficult choice between serving the interests of its own shareholders and suffering the damage to its image that would result from a closure of Euro Disneyland.

PAGE 15

- ■ White-knuckle ride for fantasyland investors
- ■ Lex Page 14
- ■ Walt Disney results Page 17

Walt Disney, which holds 49 per cent of the shares in the Euro Disney, said it would provide finance for Euro Disney for a limited period to enable it to achieve a financial restructuring by spring 1994.

Euro Disney's shares fell sharply in London and Paris. In London, shares fell by 72p to 436p following the results announcement.

In Paris, shares in the company were temporarily suspended and fell by FFr5.7 to FFr38.

The bulk of its losses for the year to September 30 reflected the exceptional charges relating to pre-opening costs and provisions for a planned reduction in staff from 11,100 to just over 10,000.

The net loss before exceptional items was FFr1.7bn, which was achieved on revenues of FFr5.7bn.

Despite the grim results, Mr Bourguignon said Euro Disney was Europe's most popular leisure destination, attracting 17m visitors in its first 18 months of operation.

In view of the uncertainty surrounding Euro Disney, Walt Disney yesterday took a $350m (£231.7m) charge against fourth quarter earnings to establish full reserves for the temporary funding and for receivables due from the French associate.

Walt Disney said the charge divided roughly evenly between temporary funding and receivables.

Walt Disney's charge, together with its share of Euro Disney's operating losses, meant the US company recorded a total $414.5m loss from the European venture in the quarter and $514.7m in the full year.

That in turn pushed Walt Disney into a fourth quarter net loss of $77.8m, compared with net income of $223.7m in the same period of last year.

Walt Disney's shares dipped $1½ in heavy trading on the New York Stock Exchange, to stand at $40¾ at lunchtime.

Plans for EC steel cuts in new deadlock

By Andrew Hill in Brussels

THE Italian and German governments' reluctance to agree production and subsidy cuts at state-owned steel mills risks plunging the European steel industry even deeper into crisis, the European Commission warned yesterday.

Mr Karel Van Miert, competition commissioner, yesterday indicated that if Rome and Bonn remained intransigent they could derail the Commission's plans to help the entire west European steel industry.

Mr Paolo Savona, the Italian industry minister, has raised the stakes in the long and fraught negotiations with Brussels, by threatening to press ahead with plans for privatising Ilva, the state steelmaker, without Commission approval. He told the Italian parliament on Tuesday that he would fight the Commission's strict limits on subsidies as far as the European Court of Justice, if necessary.

The new impasse makes it almost certain that industry ministers will have to delay formal agreement on a series of controversial restructuring plans for Spanish, east German and Italian state-owned steel producers at their meeting next Thursday.

Mr Van Miert said yesterday: "Those who want to make this [plan] impossible are going to have to justify themselves to the industry, which will suffer if the Commission's approach fails."

Private steelmakers, which have already undergone substantial painful restructuring, such as British Steel or Usinor-Sacilor in France, will not make further capacity cuts unless they are reassured that state aid to their publicly owned competitors is under strict control.

Western Europe's steelmakers have already warned that as many as 100,000 jobs could be lost in the restructuring of the industry, which is suffering from overcapacity, lack of demand and cheap competition from beyond the European Union's borders.

Mr Van Miert reserved his principal criticism yesterday for the Italians, who seemed close to striking a deal with Brussels a

Continued on Page 14

Britain fears that time is running out for agreement with China over Hong Kong

Major wants to speed up talks on Patten plan

By Alexander Nicoll and Kevin Brown in London and Simon Holberton in Hong Kong

THE BRITISH government yesterday gave strong support to the efforts of Mr Chris Patten, Hong Kong's governor, to broaden democracy in the colony and asked China to accelerate negotiations on his proposals.

Mr Douglas Hurd, foreign secretary, said after a cabinet committee meeting chaired by Mr John Major, the prime minister, that London had proposed "that we move into a more intensive phase (of talks) straight away to try to reach agreement on the outstanding issues."

Britain wants to reach agreement quickly on uncontroversial aspects of elections in Hong Kong next year and in 1995, so that negotiations can focus on the issues most in dispute with Beijing.

However, after 15 rounds of talks over six months in which there has been little progress, ministers indicated that they would not allow negotiations to continue indefinitely.

Mr Major told a London business conference on Hong Kong: "Time is now very short. I do not believe, and nor does the governor, that an agreement is worth any price although we will do our best to get one."

The prime minister said he recognised that "some in the business community would prefer that we did not have this argument." But he said it was unavoidable. "The point at issue is a vital one. We owe it to the people of Hong Kong to hold elections which give them a genuine choice."

Mr Hurd said: "It is weeks rather than months in which we have to reach a conclusion." He said quick agreement on uncontroversial matters would enable the legislative work to begin in Hong Kong.

Officials said this would provide more time for further talks on the main issues, though they cautioned that an agreement would still be needed by the end of the year to permit elections.

The issues most in dispute are expansion of "functional constituencies" from which business groups will elect 30 legislators; an election committee which will elect 10 legislators; and the "through train" – retention of office by all 60 legislators elected in 1995 until 1999, two years after China assumes sovereignty. over Hong Kong. in 1997.

China indicated privately last week that it may be prepared to settle on the smaller issues. Brit

Continued on Page 14

Tony Andrews

Talking about the talks: Hong Kong governor Chris Patten (left) with foreign secretary Douglas Hurd

Paramount pays $553m for US publisher Macmillan

By Raymond Snoddy in London

MACMILLAN, the largest US business in the empire of the late Mr Robert Maxwell, was sold yesterday to Paramount Communications which outbid rivals with an offer of $552.75m.

Paramount owns publishing imprints such as Simon & Schuster and Prentice Hall. Its unsuccessful rivals in the final round of bidding are believed to be Harcourt Brace Jovanovich, the US educational publishers, K-111, the US magazine company, and Pearson, the UK publishing and information group that owns the Financial Times.

The sale agreement takes the gross total raised by administrators Price Waterhouse from the sale of Maxwell Communication Corporation's US interests beyond $1.5bn. Mr Mark Homan of Price Waterhouse said he believed the net figure would fall within the predicted range of $700m-$1.1bn.

"We are looking pretty good on that," Mr Homan said. He added that he believed the main Maxwell disposals in the US could be wrapped up by the end of the year.

Offers are now being received for the last significant US business, Standard Rate and Data, the specialist advertising industry publication.

The purchase of Macmillan will considerably strengthen the publishing interests of Paramount, itself in $10bn merger talks with Viacom, the US cable and television company.

Mr Martin Davis, chairman and chief executive of Paramount Communications, said yesterday the transaction was "a significant step in furthering our strategic objective of creating proprietary intellectual properties that can be distributed through a wide variety of media, from printed pages to computer and video screens".

As part of the sale, a reorganisation plan was yesterday filed under Chapter 11 in the US Bankruptcy Court. Price Waterhouse said that this was a technical step needed "to remove the uncertainty created by Robert Maxwell's involvement with Macmillan Inc".

During a transition period expected to last about three months, Mr Jonathan Newcomb, president and chief operating officer, and Mr Andrew Evans, chief finance officer of Paramount Publishing, will work with the Macmillan management on combining the two companies.

Mr Richard Snyder, chairman of Paramount Publishing, said the two businesses were complementary and "significant savings" were expected from integration.

Macmillan's backlist of authors includes Hemingway and Faulkner and its publishing interests range from college and reference to children's books and general fiction.

CONTENTS

No 32,215 Week No 45

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

3

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German taxman's fears confirmed

By Quentin Peel in Bonn

THE German taxman's worst fears of tax evasion appear to have been confirmed: instead of getting DM24bn ($14.8bn) this year from a controversial new tax on investment income, the likely receipts are expected to be less than half, around DM11bn.

The figures have emerged in the latest tax estimate published by a special working group of finance officials. They show a new drop in overall public sector revenues this year of DM3.7bn and next year of DM9.3bn.

As a result, the federal government's budget deficit is expected to reach DM73bn-74bn this year and DM75bn-76bn in 1994.

While the most important element in the overall shortfall is the slowdown in the German economy and the steady decline in interest rates, tax evasion is also thought to have played a significant role.

In particular, officials believe there has been a big rise in the transfer of investment income from German bank accounts to foreign accounts, above all in neighbouring Luxembourg, where bankers don't tell tales.

Opposition politicians called yesterday for tighter banking controls to close the obvious loophole in the taxation of investment income, which has taken the form, since last January 1, of tax withholding on interest income paid into German bank accounts.

A red-faced Finance Ministry in Bonn confirmed the tax estimates for investment taxation yesterday, but insisted that the net effects of the miscalculation were not as bad as they might appear. A spokesman explained that the original estimate of a gross income of almost DM24bn was based on the assumption that some DM17bn was already paid on investment income in the form of income and corporate taxation. Thus the net revenues were assumed at only DM7bn.

A further DM4bn had to be deducted because of the high tax thresholds introduced, precisely in order to discourage the ordinary income earner from switching his money to offshore bank accounts. Thus the final net income assumed in the Finance Ministry model was only DM3bn.

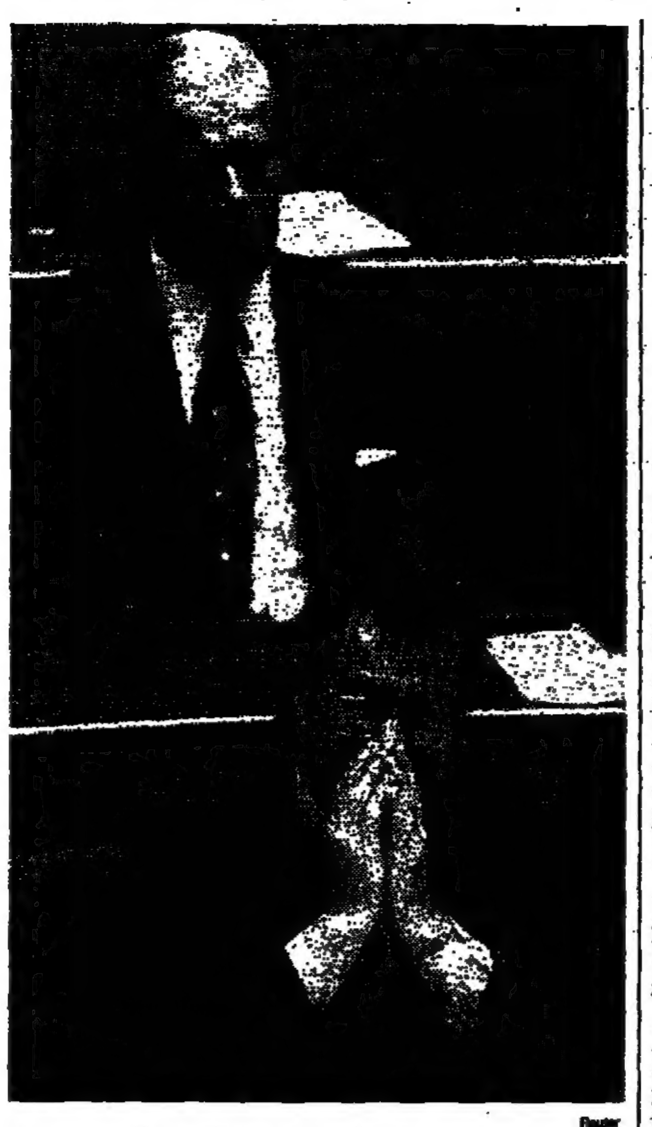
The spokesman said that the real miscalculation appeared to be the figure of DM17bn as the assumed amount of investment income tax paid under the old regulations, before the new tax was introduced. That figure was now certain to be much less. He estimated that the net loss to the exchequer would be between DM2bn and DM4bn.

Whatever happens, Mr Theo Waigel, the finance minister, is left looking fairly foolish, at a time when he is desperately trying to keep his overall budget deficit under control.

He admitted that his net borrowing requirement would increase, according to the latest figures, but insisted that the government's savings plans remained on course. Finance Ministry officials say there are no plans to make greater cuts in the budget. "We consider the increased borrowing requirement justified because of the recession," one official said.

A new financial package to build Germany's first magnetic hovertrain, known as the Transrapid, and costing an estimated DM9bn ($5.5bn), will be presented to the German government in early December, writes Quentin Peel.

A spokesman for the industrial consortium backing the plan for the 400kph (250mph) "whispering arrow" train said the package would seek to raise the proportion of private finance for the project, in the light of the German government's current budget stringency.



Reuter

German foreign minister Klaus Kinkel (below) and interior minister Manfred Kanther at a Bundestag debate on terrorism

Pöhl sees jobs crisis as main European task

By David Marsh

"THE REAL issue" facing Europe is the task of reducing unemployment, combined with the challenge of opening the west of the continent to the former eastern bloc, Mr Karl Otto Pöhl, the former Bundesbank president, said last night.

The objective of the Maastricht Treaty for establishing fixed exchange rates and a common monetary policy in Europe was no longer the main priority. "The question of whether the Maastricht Treaty will ever be implemented is open, to say the least." But conditions for economic and monetary union were "much less favourable" than in the 1980s.

Mr Pöhl voiced doubts over whether the anti-inflation consensus espoused by the treaty would prove durable in view of the "tremendous problems" facing Europe.

These included the consequences of German unification, where he pointed to errors over the introduction of the D-Mark into east Germany in 1990 and a wrong mixture of budgetary and monetary policies as contributing to high German interest rates after unity.

German unemployment, now officially 3.5m, was the highest since the great depression of the 1930s. But German unemployment was nearer 5m-6m if hidden joblessness were included. "It's obvious this is the real issue; it's the same problem in Spain or France."

■ German Chancellor Helmut Kohl will deliver a government statement on Europe today in the wake of a controversy triggered by sceptical comments on European union from a key conservative ally, Reuter reports from Bonn.

Mr Kohl has so far not reacted directly to remarks by Bavaria's state premier Edmund Stoiber that his vision of Europe is outdated, and that the goal of a federal Europe, almost holy writ in post-war German foreign policy, should be abandoned.

But Foreign Minister Klaus Kinkel said in an interview in yesterday Express newspaper that Mr Stoiber's comments "did us damage, and not just a little. My colleagues...are worried Germany could be departing from the common goals of the Community."

Growth of 2.2% forecast by OECD

By David Buchan in Paris

WEAKNESS in the Japanese economy will depress average growth among the world's leading industrialised economies to 2.2 per cent next year, the Organisation for Economic Co-operation and Development forecast yesterday.

After a two-day meeting of the OECD's economic policy committee, Mr Kumi Shigehara, the organisation's chief economist, said growth estimates of real gross domestic product in the OECD were being revised downwards from 1.2 to 1.1 per cent for this year and from 2.7 to 2.2 per cent next year.

While European members of the OECD could expect an average of 1.5 per cent next year, Mr Shigehara said Japan's growth "could be well below 1 per cent". Ms Laura Tyson, the head of President Bill Clinton's Council of Economic Advisers who also chaired the OECD meeting, said the US was on course in the second half of this year and in 1994 for a 3 per cent annual growth rate.

The OECD discussion on monetary policy concluded, said Ms Tyson, that the macro-economic benefit of interest rate cuts in the US, Canada, the UK and Australia had been delayed or reduced because of the "build up of debt positions in the business, household and banking sectors".

By contrast, many countries in continental Europe do not face such balance sheet adjustments. "Here", she said, "monetary easing may have a more rapid effect on activity". But she said several continental European countries had indicated that their concerns about currency and price stability prevented them from cutting interest rates.

Ms Tyson said the US believed there was still scope for "further fiscal policy easing in Japan and monetary easing in Europe". The US experience of its recent recovery was that its fears about inflation had proved exaggerated.

'Hans van den Brittan' ends the Brussels feud

MR HANS van den Broek, the European commissioner responsible for external political affairs, yesterday dropped his resignation threats and agreed to a truce in his long-running power struggle with Sir Leon Brittan, the Commission's chief trade negotiator, writes Lionel Barber.

Mr van den Broek, the former Dutch foreign minister, was on the brink of quitting until a last-minute compromise brokered by Mr Jacques Delors, the Commission president. Under the deal, Mr van den Broek will take over management responsibility for the European Union's overseas delegations and will have a share in appointing Brussels civil servants to the 110 offices abroad.

Mr Delors is said to be upset by the bickering between Sir Leon and Mr van den Broek who are both political heavyweights.

Other commissioners have found the feuding a source of amusement – one insider's joke is that the only satisfactory way to separate the foreign affairs portfolio is to create a new commissioner called "Mr Hans van den Brittan". However, the Dutchman has failed in his wider gambit to put all overseas staff under the umbrella of DG1 A, his own Brussels directorate.

Sir Leon and Mr van den Broek have been battling over the division of their responsibilities ever since they took up their posts 10 months ago. During the latest row, Sir Leon argued that it would be illogical to make all overseas personnel responsible to Mr van den Broek since 80 per cent of the EU's work deals with trade and commerce.

EU jobless total heads for 18m

By Lionel Barber in Brussels

UNEMPLOYMENT in the European Union will continue to rise until mid-1995, with little hope of a rapid or consumer-led recovery, according to the latest economic forecasts by the European Commission published yesterday.

More than 18m people are expected to be out of work in the next two years, amid high interest rates, weak output, and only a modest improvement in budget deficits, which are at the highest average level since 1945.

Mr Henning Christophersen, economics commissioner, called for an early reduction in interest rates, particularly in Germany. "It's not the size or the volume which matters, it's the speed," he said.

The Commission's forecast assumes that Germany will continue to lead the way on interest rate cuts, with countries such as France and Belgium sticking to their policy of shadowing the D-Mark in an effort to maintain exchange rate stability. Overall, it expects short-term rates to drop by 2 percentage points to an average 6.4 per cent in 1994.

But it warns that inflationary pressures could prove more resistant, particularly in Germany. In this case, "the assumed monetary easing could occur later and to a lesser extent".

Despite the bleak outlook for jobs and growth, Mr Christophersen said the timetable for European monetary union by 1997 or 1999 was still realistic. He insisted that countries could still meet the tough budget deficit targets set down in the Maastricht treaty.

Germany is expected to grow by only 0.5 per cent next year, with all the growth coming from former east Germany, and only by 1.6 per cent in 1995. France, the other economic motor, is likely to stutter along at 1 per cent growth in 1994 and 2.1 per cent in 1995.

The UK, which left the exchange rate mechanism in September 1992, is expected to outperform most, with growth of 2.5 and 2.7 per cent expected in the next two years. Ireland and Denmark also figure strongly, with the Irish expected to be the only European country registering more than 3 per cent growth.

The Commission is sticking to its earlier EU growth forecast of 0.4 per cent and 1.3 per cent in 1993 and 1994 respectively, while output is expected to rise by 2.1 per cent in 1995.

Unemployment is forecast to rise from 10.6 per cent in 1993 to 11.2 per cent and 11.3 per cent in 1994 and 1995.

Editorial Comment, page 13

NEWS IN BRIEF

Air France faces a third state aid probe

THE European Commission yesterday opened an inquiry into a FFr1.5bn ($256.7m) capital injection granted to Air France, on the grounds that it might amount to illegal state aid, writes Andrew Hill. The French government announced in February that it was providing extra capital to the national carrier through a subscription of equity-linked debt from Caisse des Dépôts et Consignations, the state-controlled financial institution.

The Commission said in a statement yesterday that it had "doubts about the normal commercial character of the operation... in the light of the deterioration of Air France's financial position". It is the Commission's third inquiry in two years into alleged state subsidies at Air France. In November 1991, Brussels waved through a FFr2bn capital injection and last July approved the FFr1.25bn purchase of an 8.8 per cent stake in the company by Banque Nationale de Paris, the state-controlled bank.

French free Algerian exiles

France's judicial authorities yesterday released most of the 88 people rounded up by police on Tuesday but kept 13 for questioning, including two leaders of the Algerian Fraternity in France (FAF), believed to be a front organisation for the Algerian Islamic Front, Reuter reports from Paris.

The Interior Ministry said investigators found pro-FIS propaganda, false identity papers and large sums of money, but no weapons in the vast search-and-arrest operation. The government said the dragnet, a response to the abduction last month of three French consular officials in Algiers, aimed to prevent potential acts of violence on its soil. Some commentators said France was laying itself open to terrorist reprisals, both at home and in its former north African territory.

Italian bribes case warrants

Naples magistrates investigating bribes in the Italian pharmaceutical industry yesterday issued more than 10 arrest warrants for alleged payments made by six drug companies to obtain favours, writes Robert Graham in Rome.

The payments were all made to Mr Duilio Poggiolini, the senior health ministry official who controlled drug authorisations and distribution and who is at the centre of one of the biggest investigations in Italy's wave of corruption scandals. The latest payments allegedly uncovered came from companies that included the Alfa Wasserman, Glaxo and the Recordati group which is quoted on the Milan bourse.

Rome's voting change blocked

A controversial proposal to extend full voting rights and special parliamentary representation to Italians living outside Italy has failed to pass through the senate, writes Robert Graham in Rome.

The draft law required a two-thirds majority since it involved altering the constitution. But yesterday those in favour of the proposal only mustered 148 votes against the 163 votes necessary. The proposal will now be put on ice for three months, then it will be up to President Oscar Luigi Scalfaro to decide whether to call a national referendum on the issue.

Austria optimistic on EU

European Union membership on January 1 1995 for Austria, Finland, Norway and Sweden, is "an ambitious but feasible" target, provided all parties are fully committed to the negotiations, Mr Wolfgang Schüssel, Austria's economy minister, said in Vienna yesterday, writes Patrick Blum in Vienna.

This will require completing EU entry negotiations by March 1, to allow enough time for the European parliament to approve the four countries' membership before European elections due in June. For Austria, keeping to the timetable is especially important because the country must hold a referendum on membership in July at the latest. This is to avoid a clash with the general election scheduled in October.

Warning to Europe on digital revolution

By Andrew Adonis

EUROPE risks being left behind North America and the Asia Pacific region in the "communications revolution" because of poor foresight and co-ordination, according to the president of a leading data networking company.

Mr Eric Benhamou, president of 3Com, based in California, said that "insufficient public awareness about Europe's plan for a superdigital highway" - an advanced, high-volume communications network for data, image and voice - was jeopardising its economic potential.

Delivering the London Business School's annual Governors' Lecture, sponsored by the FT, Mr Benhamou contrasted the low profile of European projects with their high status in competing regions. "The US has NII, Canada has the Canarie project, Singapore has IT2000, Japan has its 2015 ISDN milestone, but there is no direct equivalent in Europe." Despite "exciting" networking projects, such as SuperJanet, to interconnect universities and research institutions, Europe lacked the strategic vision of the US and the Far East, he said.

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A constitution for Yeltsin's time

Written for the president alone, its permanence is not guaranteed, writes John Lloyd

THE great powers of the president, connected with his duration in office, will lead to oppression and ruin, said the columnist "Cato", writing in the New York Journal in 1787, during the passionate debate over the US constitution.

The immediate reaction to the Russian constitution, widely published for the first time yesterday, has been much the same.

In both cases, the assertion of a new central power after the collapse of an old one has been seen as containing a potential for tyranny and for division.

But most commentators have followed the lead given on Tuesday by Mr Vitaly Tretyakov, the editor of the Nezavisimaya Gazeta, who said the constitution was fashioned for Mr Yeltsin alone and could thus not stand for future presidents.

Mr Alexander Tsipko, a leading candidate for the centrist Civic Union bloc, said yesterday that "what was needed after October was something which unites the country, but this merely divides it into those who are for and those who are against the president".

Mr Nikolai Travkin, head of the Democratic party, talked of a constitution which could not gain the trust of the people. While Mr Gary Kasparov, the world chess champion, who is a candidate for the Russia's Choice group most closely associated with the president, dismissed the document as "clearly temporary".

The central problems for the drafters of the constitution were

- the legacy of the Soviet era - in which all power was actually centred in the party but was titularly vested in the parliament;
- the recent tragic struggle between parliament and presidency following the blockage of political and economic reform; and
- the actions of the 89 republics and regions, which in the past two years have become increasingly assertive of their own rights and independence.

They have thus attempted to construct a document which gives the presidency powers that are superior to those of the parliament. Like the French constitution, which was its largest influence, it gives the president the right to form governments and dismiss parliaments, lays out a complex impeachment procedure and has indirect regional elections to the upper house.

However, the country lacks the French experience with a democratic system, and there is no guarantee that Mr Yeltsin would appoint a government from the largest bloc in parliament, if it were not to his liking.

Mr Yeltsin, in his address to the nation on Tuesday night, said that the provisions for his impeachment by parliament and his ability to dismiss the deputies were, like nuclear weapons, there to preserve stability, and not to be used.

In the thin fabric of Russian democratic practice, however, they *could* easily be used - especially if the majority parliament found itself in strong opposition to the president but baulked of any other means for expressing that opposition.

Second, the constitution's drafters have insisted on the equality of the 89 subjects of the federation.

That means that the 21 republics will have the same legal status as regions big and small, and the two cities of Moscow and St Petersburg. For some of the republics - especially the self declared independent republic of Chechnya, which will not hold elections on its territory and Tatarstan, which will not hold a referendum on the constitution - this dismisses the rights they enjoyed in the Soviet era (even if these were mostly on paper). In this sphere, much will depend on what powers are given to the subjects of the federation in the Federation Treaty - which has yet to be thrashed out.

Finally, the constant change of mind and last-minute additions to the constitution by the president and his team is a sharp reminder to the future deputies of how little they could do about the status of parliament before it existed. Originally planned for a four year term, its first term will be only two years.

The deputies of the upper house (or Federation Council) will be elected for the first term, then will be selected by the regions in ways apparently left to their leaderships - which leaves the first term deputies looking rather spare.

The very site of the new parliament has been proposed (though not yet decided) for the Academy of Administration on the outskirts of Moscow - hardly underscoring its prestige.

Mr Yeltsin, having promised he would stand for president in pre-term elections next June, will now serve his full term apparently irrespective of what the new parliament thinks.

The parliamentary democracies among the seven leading powers are the constitutional (and titlar) monarchy in Britain, Canada with a British model, and Germany, Italy and Japan with parliamentary systems reconstructed after the last war to avoid a future dictator.

The presidential states are France and the US, both with revolutionary traditions from which their constitutions and their presidencies derive. Russia, it is clear, will join the latter group - but with no guarantee that this will be the final stab at a constitution.

The Russian election commission last night disqualified eight of the 21 political groups which had sought to register for parliamentary elections on December 12, because they had failed to gather the required 100,000 signatures.

As all 21 claimed to have collected at least 100,000 signatures, it is presumed that a number of signatures were regarded as forgeries. The main victim is the Russian National Union, led by Mr Sergei Baburin, a former hardline nationalist deputy. He said 20,000 signatures had been stolen by thieves who wore police uniforms.

All other main blocs have been accepted, including the liberal Russian Unity and Yavlinsky blocs, the centrist Civic Union and the far-left Russian Communists.

IMF 'is missing its big chance'

By John Lloyd

THE International Monetary Fund has been accused of "missing the opportunity" to assist Russian reform.

Prof Jeffrey Sachs, an adviser to the Russian government and a long-time foe of IMF policy towards Russia, said in Moscow: "The IMF should now be negotiating with the Russians on a plan to go into effect at the beginning of next year to make the rouble convertible and to stabilise the economy. The time has never been better - but there are no preparations."

Professor Sachs, who has been close to Russian reform for the past two years, said that the political position had fundamentally altered since the banning of the Russian parliaments. The reformists were now being backed by presidential decrees, and a reformist government was likely to follow next month's parliamentary elections.

"The IMF was told this year to spend $13bn on Russian reform: it has so far spent $1.5bn. Its mandate is to help reform. They must not let this chance slip away."

High expectations greet new PM

Poles look to new cabinet to deliver

By Christopher Bobinski in Warsaw

THE POLISH government yesterday consigned opposition politics to the status of a minority sport, after three stormy years of vulnerable cabinets.

Indeed, with 310 votes behind him in yesterday's vote of confidence – in a 460-seat chamber – Premier Waldemar Pawlak, the 34-year-old farmer and head of the Polish Peasant Party boasts a majority that many would envy.

The PSL, with its political base in the rural areas where well over one third of Poles live and work, and the post-communist Left Democratic Alliance (SLD) together won 35 per cent of the vote in elections on September 19. But a new election law, eliminating parties with less than 5 per cent of the vote, translated that into just under two-thirds of the seats, leaving the right-wing parties – representing over 20 per cent of the voters – unrepresented in parliament.

It is even possible that Mr Pawlak's cabinet could serve a full four-year term. If the opinion polls are to be believed, the Polish people are now looking to the future with a degree of optimism last recorded in the early days of the reforming Solidarity governments.

Mr Pawlak's wooden style, which so irritates the intelligentsia, appeals to many others, eager for a dose of "normality" after the changes of the past four years – which have felt more like an earthquake than a new dawn.

The new cabinet has also inherited a growing economy, with 4 per cent increases in GDP forecast for this and next year. Inflation promises to fall from this year's 32 per cent to around 21 per cent next year if the new government holds next year's budget deficit to the International Monetary Fund's recommended target of around 5 per cent of GDP.

It is here though that cracks could emerge.

The rural voters who supported the PSL, and those in the recession-struck towns who backed the SLD, are looking for tangible, and rapid, economic improvements. Elements in both parties are willing to take risks with inflation.

Such moves, as Mr Marek Borowski, the SLD politician in charge of the economy, knows full well, would risk a worsening of relations with the IMF. That, in turn, could jeopardise a desperately needed 20 per cent cut in the country's $30.6bn debt to western governments, due to be implemented next year. The fact that the World Bank remains Poland's largest source of capital – until a debt rescheduling agreement can be negotiated with western commercial banks owed $12.3bn – also puts a premium on monetary stringency.

However, the SLD's trade union component, which makes up around a third of the parliamentary party, could provide the focus for a left-wing alternative to the party's free marketeers, such as Mr Borowski and Mr Wieslaw Kaczmarek, the new privatisation minister who promises to continue to whittle away at the state sector.

Similarly, in the PSL, ambitious politicians jealous of Mr Pawlak's meteoric rise promise to stress their party's demands for policies favouring farmers.

The politicians at the top of the PSL and the SLD – including its leader, the politically talented Mr Alexander Kwasniewski, who has stayed out of the government – appear to have the sophistication to maintain a common front and prevent internal rivalries from undermining the new government. However, the social pressures the government faces will be difficult to contain, as Poles continue to yearn for the marked improvement in their standard of living that the overthrow of the communist regime in 1989 promised, but failed, to bring.

Meciar repairs coalition

By Patrick Blum in Vienna

A NEW coalition government has been formed in Slovakia between prime minister Vladimir Meciar's Movement for a Democratic Slovakia (HZDS) and the Slovak National Party (SNS) led by Mr Ludovit Cernak, a former economy minister.

The agreement follows months of wrangling between the two parties after their earlier coalition collapsed last spring. It will end a period of growing political uncertainty overshadowed by calls from the left wing opposition for early elections to resolve the crisis.

New ministers were sworn in yesterday by president Michal Kovac, including Mr Jan Ducky, a former president of the Slovak Industry Confederation, as economy minister.

Mr Ducky worked in the industry ministry under the former regime, then became industry minister for nine months after the 1989 revolution that ended communist rule.

Mr Julius Toth, a close ally of Mr Meciar, remains as finance minister. Mr Meciar will retain control of the privatisation ministry.

The combined representation of the HZDS with 66 seats in the 150-seat parliament, and the SNS with 14 seats, will give the new coalition a clear majority. Few policy changes are expected.

Meciar: ended wrangle

Albanian ministers arrested in Macedonia crackdown

By Laura Silber in Belgrade

THE government of Macedonia yesterday arrested several ethnic Albanians, including two deputy ministers in the coalition government, on charges of preparing an armed rebellion.

Macedonian police yesterday renewed their clampdown on Gostivar and Tetovo, mostly ethnic Albanian towns.

The move could shatter the fragile ethnic co-existence between Albanians and Macedonians in the former Yugoslav republic, where Albanians comprise at least 20 per cent of the 2m population.

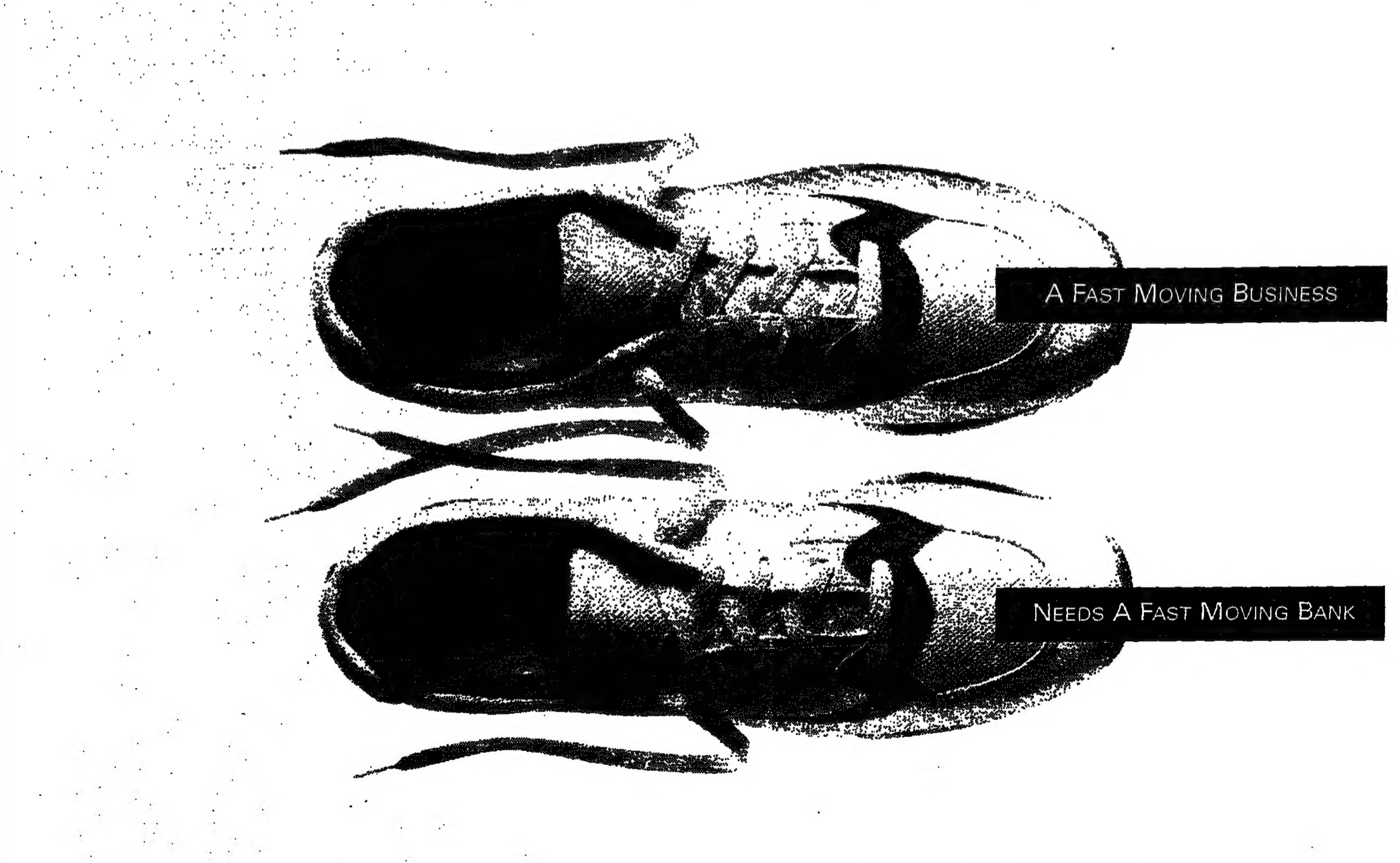
Mr Hisen Haskaj, the deputy defence minister, and Mr Imer Imeri, the deputy health minister, were arrested and charged with organising a paramilitary unit and preparing an armed rebellion, said Macedonian radio.

The radio said 300 automatic rifles were discovered in a police raid, and claimed the rebellion had been planned by a political party with close ties with ethnic Albanians in the neighbouring province of Kosovo, southern Serbia.

Meanwhile in Sarajevo, three children were killed and about 15 were critically wounded in a mortar bomb attack in Sarajevo, the Bosnian capital.

Sarajevo radio said two adults were killed and 30 wounded by shelling in another mortar attack in the city besieged by Serbs since April 1992. The assault comes just one day after nine people, including four children and their teacher, were killed by mortar bombs.

- Bosnian Croats and Moslems have asked Turkey to help end fierce fighting between their forces, the Turkish foreign ministry said yesterday. Reuter reports from Ankara. The ministry said Mr Hikmet Cetin, the foreign minister, was preparing to fly to Sarajevo.



Consumer prices show 0.4% gain

By Michael Prowse in Washington

THE UNDERLYING pace of US inflation remained moderate despite a 0.4 per cent gain in consumer prices last month.

The Labour Department, which reported the latest figures yesterday, said that the increase partly reflected a 1.9 per cent increase in energy costs after petrol taxes were raised by 4.3 cents a gallon on October 1.

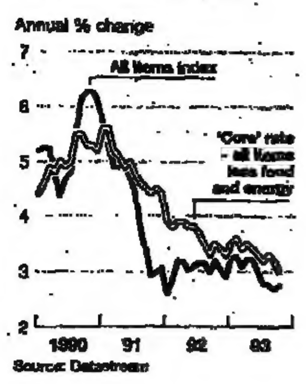
The year-on-year rate of inflation rose to 2.8 per cent, against 2.7 per cent in September.

The relatively poor consumer price figures followed exceptionally good wholesale price figures earlier this week. The producer price index for finished goods declined 0.2 per cent last month.

Bond prices fell modestly as many traders had hoped that the drop in wholesale prices would be reflected in the consumer price data.

Taking the two sets of figures together, however, "inflation is stable to lower", said Mr William McDonough, president of the Federal Reserve Bank of New York.

US consumer prices



Source: Datastream

Fed governors and regional presidents meet next week to discuss monetary policy. Most analysts expect the Fed to leave short-term interest rates, currently 3 per cent, unchanged for the next few months. But a tightening of policy is widely expected sometime next year.

Last month's consumer price increase was the largest since April. However, it followed a zero increase in September and moderate gains during the summer. Apart from energy, the main upward pressures on the index came from food prices, up 0.6 per cent from September, and housing, healthcare and entertainment, which registered 0.5 per cent increases.

The core consumer price index, which excludes food and energy, rose by 0.3 per cent last month and by 3 per cent in the year to October.

The annual increase in core prices was the lowest for two decades.

In recent weeks, signs of an acceleration of economic growth in the second half of the year have dented confidence in bond markets.

Investors worry that faster growth will put upward pressure on inflation, forcing the Fed to raise interest rates which would cause bond prices to fall.

Most forecasters, however, say that there is enough slack in the economy to prevent inflation rising much above its current rate of about 3 per cent. Some predict a further slightly decline in inflation.

US steps up the pressure on North Korea

By Lisa Bransten in Washington

THE US is losing patience with North Korea's resistance to international inspection of its nuclear facilities, a senior State Department official said yesterday.

Ms Lynn Davis, under-secretary of state for international security affairs, told a House of Representatives committee the US was prepared to ask the United Nations Security Council to impose sanctions on North Korea if it continued to resist full inspection by the International Atomic Energy Association.

"Our patience is running out, and the North Koreans need to know that is our next step," Ms Davis told the Foreign Affairs Committee. She did not, however, set any specific deadline by which the US would request sanctions.

Sanctions, however, are an extremely sensitive issue because many fear that North Korea might be more likely to attack neighbouring South Korea or other nations if driven into a corner.

A US military policeman scans the Demilitarised Zone between North and South Korea

Reuter

North Korean officials have said they would consider the imposition of sanctions an aggressive act.

Last week, Japan and South Korea warned Mr Les Aspin, US defence secretary, against seeking UN sanctions out of fear that North Korea might undertake a terrorist campaign. Mr Aspin spent two days in South Korea discussing the northern threat with President Kim Young-sam. The US has 35,000 troops there.

President Bill Clinton said on Sunday that North Korea "cannot be allowed to build a nuclear bomb", but did not discuss specific actions the US might undertake.

Ms Davis told the committee that in the past North Korea "could have produced weapons grade material sufficient to produce one or two nuclear weapons," but added she was confident that Pyongyang was not making atomic bombs now.

Preventing North Korea from producing nuclear weapons was among the most important of the administration's goals, Ms Davis said.

She was hopeful China would not veto a Security Council request for sanctions. "They share our goals and we hope that they would work with us on the Security Council. The US is willing to pursue non-proliferation goals rigorously even when they may cause friction".

In addition to fears about nuclear weapon development, the US is concerned about possession of conventional arms. Ms Davis grouped North Korea along with Iran, Iraq and Libya as nations of particular concern. She said that North Korea could become one of the countries to be monitored closely by a new international safeguard organisation.

Canada prepares for record budget deficit

By Bernard Simon in Toronto

CANADA'S new Liberal government is preparing the ground for bad news on the federal budget deficit. Officials are suggesting the shortfall could reach a record C$40bn (£20.8bn) in the fiscal year ending March 31, 1994, compared to the C$32.6bn deficit predicted last April by the previous Conservative government.

Estimates of last year's deficit are expected to be revised upwards to well above the projected C$35.5bn.

Analysts predict that revisions of the federal deficit will be followed by announcements from several of the 10 provinces that they too will fail to meet budget forecasts.

The provinces, some of which are heavy borrowers on international capital markets, have been under pressure to trim deficits. Credit-rating agencies have warned failure to do so may result in downgrading of creditworthiness and rising borrowing costs.

Higher deficits, coupled with a narrowing gap between US and Canadian interest rates and nervousness on the future of the North American Free Trade Agreement, have pushed the Canadian dollar down sharply over the past two days.

The currency was trading at 76.47 US cents yesterday morning, compared to more than 77 cents on Monday.

The Bank of Canada's efforts to bring down interest rates are expected to keep a lid on the dollar in coming weeks. The gap between the yield on 10-year US and Canadian government bonds shrunk yesterday to about 1.1 percentage points, compared to 1.4 points before Canada's general election on October 25. Canadian banks earlier this week lowered their prime lending rate to 5.5 per cent, the lowest in 31 years.

Federal and provincial budget projections have been thrown off course largely by sluggish tax revenues, rather than runaway spending. The revenue shortfalls are ascribed partly to slow economic growth. But there is also growing evidence of an expanding black economy.

President Kim Young-sam believes his talks in Washington could be decisive

South Korea urges haste on nuclear issue

By John Burton in Seoul

THE NORTH Korean nuclear issue was "entering a critical phase" and must be resolved soon, South Korea's President Kim Young-sam said yesterday. His meeting with President Bill Clinton in Washington on November 23 could prove "the decisive discussion on the issue," he added.

President Kim plans to meet China's President Jiang Zemin during the Asia-Pacific Economic Co-operation conference in Seattle on November 19.

China has indicated it may block a possible attempt by the UN Security Council to impose economic sanctions on North Korea if it does not accept international nuclear inspections soon.

A national security meeting headed by Mr Kim yesterday saw no sign of military provocation by North Korea. "There is some military movement in North Korea, but not of the type associated with an offensive undertaking," he explained.

The US Defence Department refuted reports of a sudden build-up of North Korean forces on the South Korean border. A senior US defence official was quoted at the weekend as suggesting North Korea might be preparing to attack South Korea soon, out of economic desperation.

"There was no mention that the department felt an attack by the North Koreans was imminent. That was never said and never even implied," a spokesman said in clarifying the official's remarks.

"There has been a build-up of North Korean conventional forces near the border area along the demilitarised zone gradually over the past 10 years. The senior official described some things worrying the department. One of them is the North Korean economy; second, the trend to the build-up of conventional forces along the border."

Officials in Seoul expressed cautious optimism that a diplomatic solution to the impasse over the international inspection of North Korea's nuclear facilities could still be reached.

They said one sign was a meeting on Tuesday between US and North Korean officials in New York, called at the request of Pyongyang. No progress was reported, but it indicated North Korea was unwilling to abandon negotiations with Washington in seeking a solution to nuclear inspections.

Some South Korean officials believe North Korea is engaged in brinkmanship complicated by disagreements within the Pyongyang government over the future course of talks. But Mr Kim expressed frustration that North Korea "counteracts with an irrelevant issue" whenever Seoul and Washington want nuclear inspections resumed.

Congress succumbs to a fever of legislation against crime

By George Graham in Washington

THE US Congress is working itself up into an anti-crime frenzy in which an array of bills proposing tougher gun controls, tougher sentences and tougher measures against immigrants could sweep into law.

The Senate has already voted to ban the sale of handguns to anyone under the age of 18; to expand federal prosecutors' powers to pursue gang crime; to make carjacking a federal crime; and to impose the death penalty on a long list of federal crimes. It was near to outlawing the manufacture and sale of assault weapons, whose import is already banned.

The House of Representatives, meanwhile, passed a number of crime measures last week and was due last night to vote on the Brady bill, legislation named after the former White House press secretary severely injured in an assassination attempt on President Ronald Reagan. This would order a five-day waiting period for anyone buying a handgun.

Senator Joseph Biden, the chairman of the Senate judiciary committee, sneered that the only restraint which his colleagues had shown was in not proposing the death penalty for jay-walking.

Congress's efforts to prove it is taking action against crime usually provoke cynicism among prosecutors and police chiefs around the country. Most violent crime falls under state and city jurisdiction.

The expansion of the death penalty to such federal offences as wrecking a train or fatal violence against maritime platforms is viewed by most law enforcement officials as purely symbolic and, in any case, ineffective against the street crime that most worries US voters.

The federal government has not executed a prisoner for 30 years. Texas yesterday carried out its 16th execution this year.

"I know of no law-enforcement professional who believes that all the death penalty provisions and new federal crimes would affect public safety in the slightest," wrote Mr Robert Morgenthau, the long-serving New York district attorney, in an article in yesterday's New York Times.

"Proposals to put more police officers on the beat nationwide and to construct new high-security prisons are sound. Little else deserves support."

SALEROOM

Heady cocktail in NY

By Antony Thorncroft

AN early abstract expressionist work, "Year after Year", painted in 1947 by Arshile Gorky, sold for $3.85m (£2.6m) at Christie's in New York on Tuesday night.

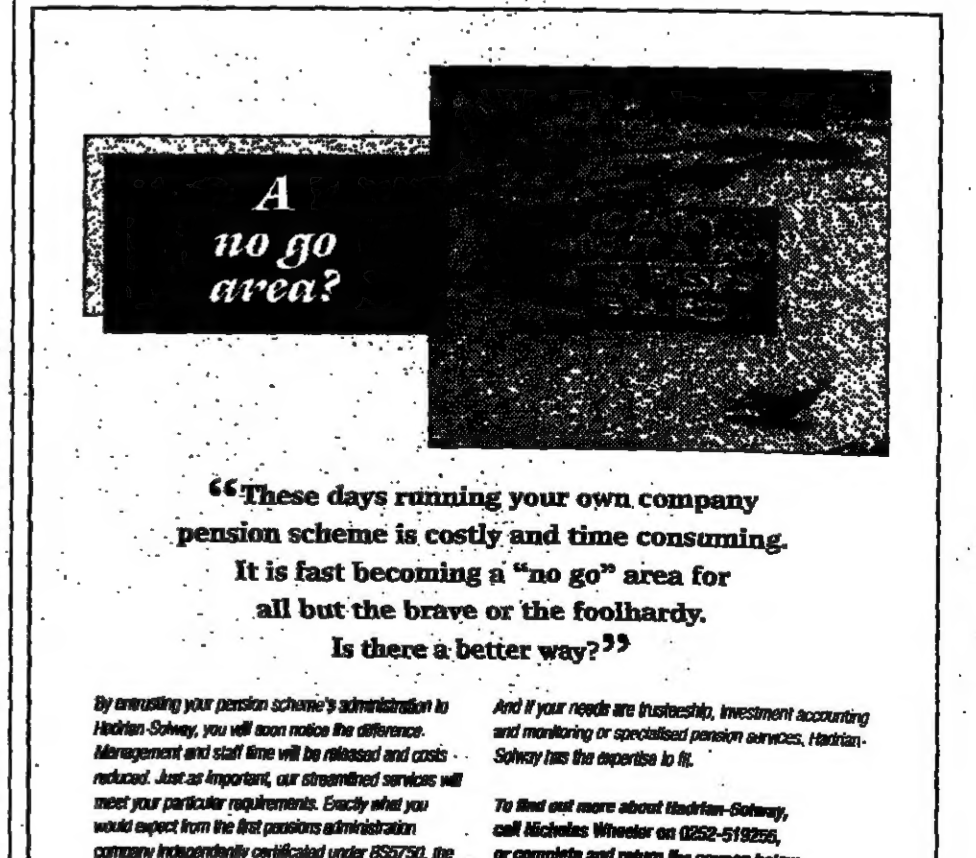
The price paid by a private American collector for this colourful, optimistic, cocktail of greens, reds and oranges was not only a record for the artist but set the seal on Christie's most successful auction of contemporary art for years.

"This was the most heady sale since the late 1980s," said Mr Christopher Burge, Christie's US president.

"The excitement in the room signalled a return of confidence to the market, with people keen to buy works of art again, whether expensive or reasonably priced," he said. "We noticed a number of new buyers."

The auction brought in $15.9m (£10.8m) and was 85 per cent sold by value, a high success rate for a contemporary art sale. A fire at Gorky's studio destroyed much of his output, and important works rarely come on to the market.

Another highlight was the price of $1.7m paid for a study by Francis Bacon of his fellow-artist Lucien Freud. It fetched almost double its estimate.



Gore scores but game is still in doubt

George Graham and Nancy Dunne on the TV clash with Perot over Nafta

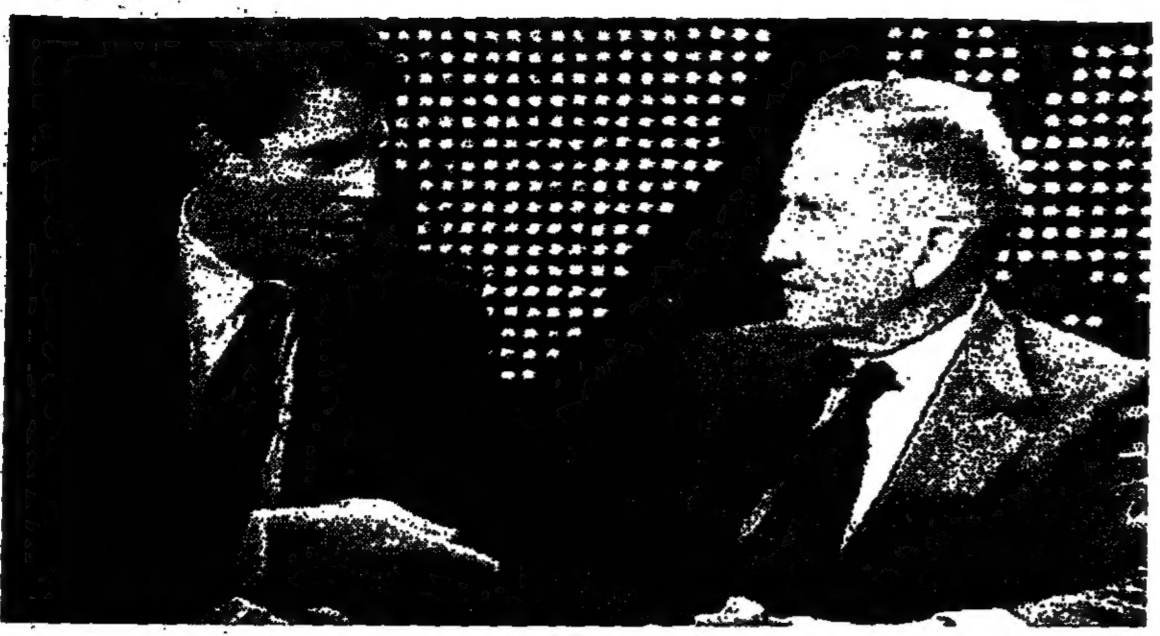
PUNDITS and pollsters alike declared Vice-President Al Gore the clear winner in Tuesday night's televised debate with Mr Ross Perot about the North American Free Trade Agreement.

Unlike an election debate, however, this confrontation could hope to influence fewer than a hundred members of Congress who remain uncommitted either for or against Nafta. The debate's impact on ordinary viewers – a pool already diminished because the debate reached only homes with cable television – will be felt only indirectly in the crucial vote in the House of Representatives next Wednesday.

Mr Gore may have attained a number of his objectives. The forum gave him the opportunity to present the case for the treaty to a sceptical public, made fearful by the slow recovery and corporate cutbacks. The vice-president underlined the foreign and trade policy initiatives at stake and the danger that the administration might be unable to overcome a Nafta defeat to complete the Uruguay Round of global trade talks.

However, he also presented a somewhat negative case for the agreement: he repeatedly noted that the US could withdraw with only six months' notice if the pact did not work, and warned that "the Gatt round would probably not be completed if Nafta were defeated".

While the vice-president did not manage to provoke Mr Perot into any stunning displays of paranoia, by constant needling he succeeded in making his opponent appear nasty and thin-skinned. (Only on Sunday Mr Perot told a rally that he had been warned by the FBI of a plot against his life by six armed Cubans.)



Associated Press photograph/CNN television image

Vice-President Al Gore (left) makes a point during his televised debate with Mr Ross Perot on the North American Free Trade Agreement, an encounter from which Mr Gore is generally held to have emerged the winner

The perception that Mr Perot may be more of a drawback than an advantage to the Nafta opposition appears to be shared by several leading opponents of the treaty, both inside and outside the Congress. The tone of Mr Perot's arguments was so unremittingly negative and defensive that he actually served up an excuse for any congressman still in search of a reason to vote in favour in next week's Nafta debate.

The administration's calculated gamble, that identifying the anti-Nafta camp closely with Mr Perot would work in favour of the agreement, appears to have paid off, at least to some modest degree.

It still needs a political miracle to get Nafta through the House of Representatives. The hope was that the debate would create a momentum towards passage of the treaty that the administration has been unable to achieve after weeks of deal-making.

Indeed, in its wake, one congressman, Mr Jim Bacchus of Florida, announced his support, but he had been leaning towards a yes vote and the administration has to secure 25-35 more.

It was useful to the pro-Nafta side that an hour after the debate was over Mr Gore was quickly declared the winner in an ABC telephone poll by 47 per cent of viewers compared with 33 per cent for Mr Perot. But the real gains come in the televised soundbites – like the one in which Mr Perot calls the vice-president a liar – and follow-up reporting.

Mr Al Hunt, former Wall Street Journal bureau chief, yesterday accused Mr Perot of lying when he claimed to have never hired lobbyists. Mr Hunt said Mr Perot had secretly lobbied the Ways and Means committee and had "snuck through" a $15m tax break for himself "in the middle of the night".

It was one more attack on Mr Perot's credibility, begun when the vice-president pointed out that the Texan had supported Nafta before running for president. Mr Gore held up a brochure featuring Mr Perot's picture and extolling the benefits to be derived from Latin American trade for the Perot family Alliance airport project in Fort Worth, Texas.

Mr Perot scored a number of debating points with his visual aids. One featured a modern US company factory in Mexico surrounded by slums which have sprung up for the workers. Mr Gore could have made the point more effectively that, without Nafta, working and environmental conditions will just worsen.

Ironically, Mr Perot often sounded as though he were more interested in protecting the living standards of Mexican workers than those of their US counterparts, and argued, with apparent seriousness, for a "social tariff" to force the Mexican government and elites to raise wages.

The sheer fact that the debate took place reflects the administration's need to play catch-up in a race that is almost won by Nafta's opponents. The best opportunity for winning support for the agreement was during the negotiations on the side accords on environment and labour. But those accords were not strong enough to win over influential members like Congressman Richard Gephardt, the majority leader. Instead, the administration is caught up in a nerve-wrecking last minute efforts which seem only Sisyphean.

No such thing as free treaty, Page 13

Healthcare reforms constrain sales of medicines

By Paul Abrahams

HEALTHCARE reforms and changes in the customer base have constrained the drugs markets in both the US and the European Union this year.

Sales in pharmacies in the seven largest European markets fell from $33.7bn to $30.2bn in the first eight months, but were affected adversely by currency depreciation. Excluding exchange rates, there was a 1 per cent increase, according to figures compiled by IMS International, the specialist research-based company.

The European market was held back by the effects of healthcare reform in Germany and Italy. Sales in Germany fell from $9.6bn to $8.2bn, a drop of 10 per cent at constant exchange rates.

The Italian market fell from $7.47bn to $6.6bn, a drop of 3 per cent excluding currencies. Sales in the UK also fell, from $3.6bn to $3.3bn, but increased at constant rates by 11 per cent. Those in Spain also fell from $3.3bn to $3bn, but rose 12 per cent excluding currencies. The Spanish market could slow in coming months, following the introduction of measures to control drugs spending.

The French market continued to grow, up from $7.7bn to $7.9bn or 7 per cent at constant rates. The Dutch market was up 13 per cent, from $979m to $1bn, while sales in Belgium were static in dollar terms at $1bn, but increased 6 per cent excluding currencies.

The US market increased 4 per cent from $27.8bn to $28.8bn. Compared with 19 per cent in 1991, growth is anaemic. Sales have been hit by patent expiries and increasing use of generic products, as well as greater discounting to bulk-buyers of medicines which are becoming increasingly aggressive

The Japanese hospital market increased 13 per cent at constant rates, up from $9.9bn to $12.8bn. However, the market is likely to be hit next year when the health ministry is expected to implement one of its biennial prices cuts – expected to be about 7 per cent.

WORLD PHARMACY DRUG PURCHASES
JANUARY-AUGUST 1993 ($bn)*

	Europe	US	Japan
Cardiovascular	6.759	4.696	1.961
Alimentary/metabolism	5.128	4.572	2.440
Anti-infectives	3.331	4.772	653
Central nervous system	2.784	2.703	1.761
Respiratory	2.869	2.942	1.055
Musculo-skeletal	1.648	1.459	1.242
Blood/organs	1.476	1.186	954
Others	6.233	6.476	2.767
TOTAL	30.228	28.806	12.853
Increase %**	1	4	13

*Hospital market only. **Excluding currencies.

Source: IMS International

Japan offers to cut duties on imports

By William Dawkins in Tokyo

JAPAN has told the European Union it is prepared to remove import duties in three industrial sectors to encourage progress in the deadlocked talks on world trade liberalisation.

The offer comes in a letter from Mr Tsutomu Hata, foreign minister, to Sir Leon Brittan, the EU's chief trade negotiator, due to visit Tokyo on Sunday and Monday to discuss the Uruguay round of Gatt talks, the agreement deadline for which is just a month away, December 15.

Japan would be prepared to lift tariffs on electronics, scientific equipment and pulp and paper, and calls on the EU to do the same, Mr Hata's letter says. Japan has already offered to reduce import duties on industrial goods by an average 60 per cent, as against the 33 per cent offered by the EU and the US's 37 per cent, he says.

The letter is a sign of Japan's eagerness to take the initiative in pushing for a Gatt deal, at a time when the US government's attention is diverted from the world trade talks by the forthcoming Congress vote on the North American Free Trade Agreement.

Japan will also seek a joint initiative to encourage progress in Gatt from the 15 members of the Asia-Pacific Economic Co-operation forum, meeting in Seattle next week, a senior foreign ministry official said.

The letter voices concern over the continuing dispute between the US and the EU on agricultural subsidies, though it does not mention Japan's much-criticised ban on rice imports, seen as another important barrier to a Gatt deal. It calls for an urgent review of EU barriers to trade in financial services.

Japan would lift its rice ban at the same time as the US and EU solved their agricultural row, the official added.

Sutherland in Gatt deal game-plan

By Frances Williams in Geneva

MR PETER Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday set out his game-plan for completing the Uruguay Round of global trade talks by the agreed deadline of December 15.

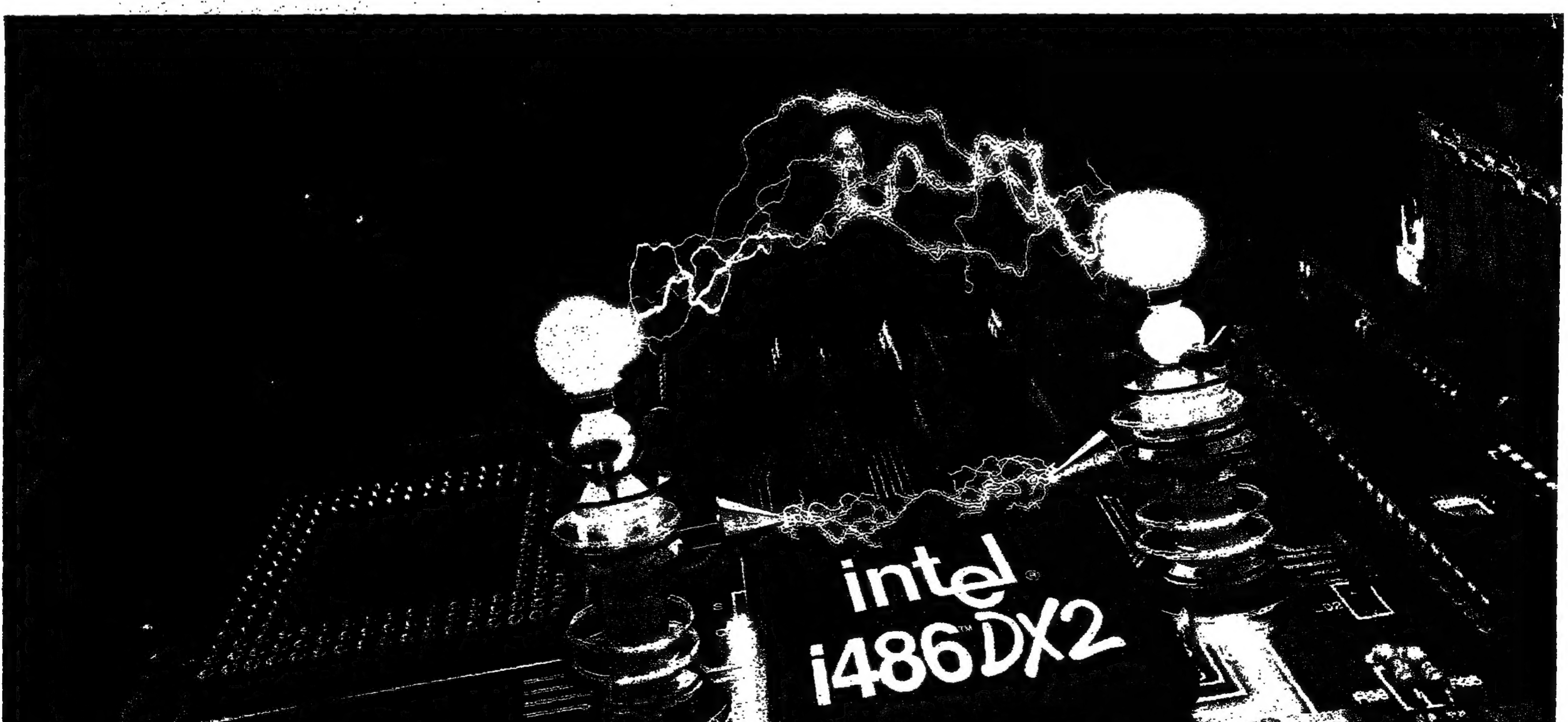
He told a meeting of the overseer Trade Negotiations Committee that "all negotiations on substance" would have to be concluded by that date, which marks the expiry of US negotiating authority.

Mr Sutherland rebuked negotiators for wasting time "on arcane technical points of doubtful importance" and warned against the temptation to leave important concessions until the last possible moment.

He said yesterday the TNC would meet at least once a week under his chairmanship to steer the talks. He will chair "very frequent informal open-ended meetings" of top negotiators to tackle outstanding issues and blockages.

He urged greater efforts to achieve "substantial results" by November 15. Final country schedules setting out market-opening measures for services are due by November 26.

Mr Sutherland said revised texts on creation of a Multilateral Trade Organisation and improved dispute settlement procedures would be ready by next Monday.



Lagos court hears of top officials in land claim

By Paul Adams in Lagos and Michael Holman in London

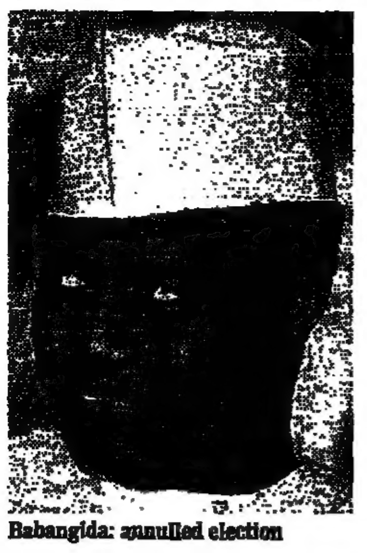
NIGERIAN government ministers and senior army officers have been allocated prime building sites on land in Lagos, according to evidence filed in the High Court.

The land has been acquired through compulsory purchase under a retroactive decree issued by the former military government led by General Ibrahim Babangida. The decree has not so far been repealed by the military-backed civilian administration which succeeded Gen Babangida in August.

The evidence has been filed in support of legal challenges to the decree by a private development company and the Lagos state government. Issued last July and retroactive to 1975, the decree provides for the compulsory purchase of land on the city's shoreline.

Lagos State Assembly, which has begun a court action seeking to restrain the federal government from acting on the decree, told the court last Friday the names of those who will allegedly benefit.

Defence Minister General Sani Abacha, Foreign Minister Matthew Mbu, Justice Minister Clement Akpangbo and Information Minister Uche Chukwumerije are among those named.



Babangida: annulled election

Also named is Mr E O Shonekan. A government minister who requested anonymity said this was the son of Chief Ernest Shonekan, the country's civilian head of state.

Nigeria's military-backed interim government said last night that it would appeal against a Lagos court ruling that it was illegal, Paul Adams writes from Lagos.

In a case brought earlier in the day by Chief Moshood Abiola, winner of last June's annulled presidential poll, the judge ruled that former military ruler Gen Ibrahim Babangida had no authority to appoint the interim government led by Chief Ernest Shonekan to take his place when he stepped down on August 26.

Mr Shonekan is due to address the elected national assembly in Abuja today when he is expected to defend this week's unpopular decision to increase petroleum prices.

The minister was speaking on behalf of Chief Ernest Shonekan, and responding to questions from the Financial Times.

The minister also said that those allocated the 140 sites would have to pay N500,000 (£8,000) per plot, and stressed that the allocation system did not contravene the law. Responsibility lay with the previous government led by Gen Babangida, he said. He declined to comment further, saying that the matter was sub judice.

City estate agents said yesterday that the designated price is substantially less than the sites' worth on the open market.

The list of recipients reads like a Who's Who of Nigeria's ruling establishment under Gen Babangida, who stepped down last August after seizing power in a coup in 1985.

Chief Shonekan, who had been appointed chairman of a transitional council of ministers in December 1992, was made head of state in August following Gen Babangida's annulment of last June's presidential elections. A new poll is set for February.

The list includes ex-vice president Admiral Augustus Aikhomu and several former ministers who served in the transitional council, which was disbanded in August: former finance minister, Mr Oladele Olashore, Mr Philip Asiodu, former oil minister, and Mr Oluwole Adeosun, former transport minister.

Prominent among the military names in the list are the chief of defence staff Lt Gen Oladipo Diya, head of the army Lt Gen Aliyu Mohammed and former heads of the army, navy and air force.

Others among the beneficiaries of the land deal are Mr Pascal Bafyau, the head of the Nigeria Labour Congress, and Mr Iyorchia Ayu, the recently deposed speaker of the Senate.

The Lagos state high court last week temporarily restrained the federal government from exercising ownership rights over the land it acquired compulsorily under the decree.

A separate legal action has been initiated by the Lagoon City Development Corporation (LCDC), the privately owned company responsible for reclaiming the disputed land.

LCDC has been negotiating with state and federal authorities for more than a decade for permission to develop the site.

Earlier this year Mr B. Gemade, housing minister, told the developers that the federal government was acquiring the land and that they would be compensated at rates well below the market value. Surveyors estimate that each plot is worth eight times the value the government is selling the land for.

LCDC refused to accept the order and took the government to court. In September at the court hearing the government produced a handwritten decree which swept aside the rights of individuals and state governments in Nigeria who own land reclaimed from the sea or within 100 metres of the shoreline.

A spokesman for the company said: "They dated it the day before we went to court so they could invalidate our action, although the decree was not promulgated till September. They also backdated the effect of the decree to overrule the 1978 legislation which ceded all federal government land to state governments."

The decree forces each lessee in Nigeria to renegotiate his lease with the federal government within 30 days although it was not gazetted until two months later. Failure to renegotiate risks dispossession and a fine of N10,000 or a five year prison sentence.

The measure also denies the right of any court in Nigeria to challenge the decree's legitimacy and overrules property rights set out in Nigeria's constitution.

Kenyan post chief quits after criticism

By Leslie Crawford in Nairobi

THE managing director of the Kenya Posts and Telecommunications Corporation has chosen to take voluntary retirement following concerns expressed by Kenya's donors of financial mismanagement and corruption in the public utility.

Mr Kipng'eno arap Ng'eny said he thought it was "wise and desirable to retire" after 14 years at the head of KPTC. Mr Philip Okundi, managing director of the Kenya Broadcasting Corporation, has been appointed to replace him.

Mr Ng'eny's departure follows an intense campaign by the International Monetary Fund and World Bank for a complete overhaul in the way KPTC conducts its business. In an auditor-general's report, KPTC was criticised for channelling funds to insolvent local banks and for failing to remit to the Treasury the 18 per cent value added tax it charges on telephone bills. It is also in arrears on its foreign debt and in its contributions to the National Social Security Fund. The company, with a payroll of 30,000 employees, is seriously overstaffed.

President Daniel arap Moi's government has promised to reform the parastatal sector in order to win back financial assistance suspended by donors in 1991. The World Bank is hosting a meeting in Paris this month to discuss the resumption of international aid to Kenya.

Mr Dalmas Otieno, the minister for transport and telecommunications, yesterday denied that Mr Ng'eny had been involved in any financial impropriety at KPTC. "Mr Ng'eny is not under investigation, and we have no intention to investigate him," he said.

"We are not looking for criminals, just ways of enhancing the efficiency of the parastatal sector," Mr Otieno said.

Concern over moves against multinationals

Nissan pays Y17bn in US penalty taxes

By Michiyo Nakamoto in Tokyo

NISSAN, the Japanese car maker, has paid nearly Y17bn (£106.25m) in penalty taxes to the US Internal Revenue Service, in settlement of an IRS ruling that the company avoided US taxes by transferring part of its income from the US to Japan.

The move by Nissan, which in effect accepts the IRS ruling, comes amid mounting international concern about US moves to tighten the tax grip on foreign multinationals operating in the US.

The penalty payment by Nissan relates to an IRS ruling that Nissan set transfer prices on its passenger cars and trucks imported by its US subsidiary in California at much higher levels than the IRS deemed appropriate, and that as a result Nissan reported lower income in the US than it should have.

Nissan contested the IRS ruling and the matter was referred to the National Tax Agency of Japan. "We do not believe the prices we charged were inappropriate," Nissan said. The Japanese Tax Agency has agreed to refund Nissan the Y17bn so that it can avoid double taxation.

While the move by Japan signals acceptance that at least part of the income reported by Nissan in Japan should have been declared in the US, the case reflects "a difference of interpretation" of what constitutes acceptable transfer prices for goods sold within the group, a National Tax Agency official said yesterday.

The US has claimed that multinationals often abuse international transfer price rules which state that goods and services sold from one group company to another should be priced as if they were sold to any outside company.

By setting higher or lower transfer prices, the US claims, multinational companies have been able to shift their US profits abroad, thereby escaping US taxation.

But it is difficult to determine what an appropriate transfer price is, the Tax Agency official said.

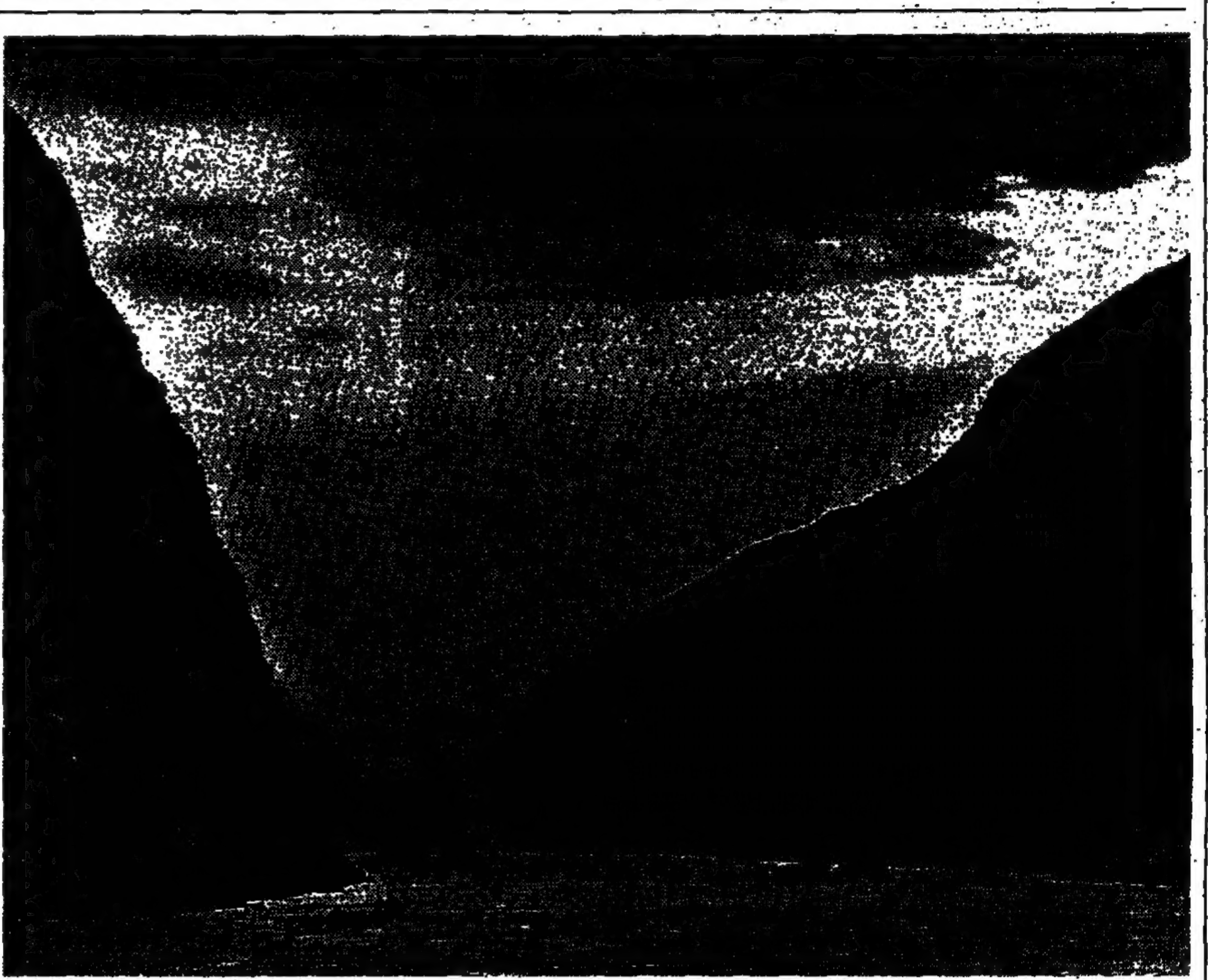
In the US, for example, the strategy of sacrificing profits for market share, which is common among Japanese companies, is seen as unnatural and raises suspicions of inappropriate transfer pricing practices, he noted.

The US interpretation looked at profits alone and not at the entirety of business practices, the official added.

It is not the first time for Nissan to be charged penalty taxes on the grounds that it had breached transfer pricing rules.

The IRS ruled previously that Nissan breached transfer pricing rules in connection with income for the years from 1975 to 1984. During those years Nissan exported 5.2m passenger and commercial cars, including the Sentra, the Stanza and Datsun trucks, to the US.

The company has already paid Y62bn in penalty taxes to the IRS, which has been refunded to it by the Japanese tax authorities. Nor is Nissan alone among Japanese companies in being charged on those grounds. The Japanese Tax Agency has intervened in negotiations with the IRS in at least eight cases involving Japanese businesses in the US.



A ferry passes through the Three Gorges section of the Yangtze River above the proposed dam site David Dodwell

US AGENCIES TO PULL OUT OF YANGTZE PROJECT

By George Graham in Washington

TWO US government agencies are to end their involvement in China's controversial Three Gorges project to build the world's largest dam on the Yangtze river.

The Bureau of Reclamation, which is in charge of irrigation and water management in the US, and the Army Corps of Engineers, whose responsibilities include flood control and navigation, will sever their involvement in Three Gorges after they have completed work on a hydrological database.

Although the bureau and corps had only a consulting role in Three Gorges, their withdrawal is a symbolic blow to the credibility of the project, which opponents charge will displace 1.3m people and flood nearly 100,000 hectares of China's best farmland.

Competing with each other in the 1930s and 1940s, the two agencies symbolised an era of monumental civil engineering when the US believed it could bend nature to its will with ever bigger dams such as Bonneville, Hoover or Grand Coulee.

The Bureau of Reclamation said its withdrawal from Three Gorges reflected the change in the agency's mission since the Clinton administration took office. "We are not really in the dam-building business any more. We are a water resource management agency now," a bureau spokeswoman said.

The bureau falls under the aegis of Mr Bruce Babbitt, interior secretary, who has launched an ambitious attempt to transform the federal government into a better steward of the land and resources under its control. However, the US withdrawal is also a comment on the appropriateness of massive dams such as Three Gorges. "We wouldn't support such a project in the US now, so it would be incongruous for us to support it in another country," the bureau said.

Vietnam promised $1.86bn in aid

By David Buchan in Paris

VIETNAM was yesterday promised $1.86bn (£1.23bn) in development aid from foreign governments and multilateral agencies, in a move which marks a further step in the country's return to the international financial community.

After the first meeting of a World Bank-headed donors' conference for Vietnam, Mr Phan Van Khai, its vice-prime minister, said the money would be largely spent on education, child nutrition and infrastructure. The World Bank agreed with these priorities, but stressed Vietnam needed to tackle its "quite high" population increase of 2.2 per cent a year.

Mr Phan expected the aid programme would lead companies to increase investment in Vietnam. Hanoi had already licensed some 700-800 investments worth $7bn.

More than half the promised aid, mainly in the form of soft loans, will come from other governments, with Japan accounting for the largest amount, of $550m. Other prominent donor governments are France, Britain, South Korea and Australia. The rest of the aid will come from multilateral agencies such as the World Bank and the Asian Development Bank (ADB).

The one predictable absence from the aid consortium is the US, Hanoi's antagonist during the Vietnam war. But Japan as the main regional power, and France as the region's former colonial power, have stepped in to wipe out Vietnam's debt arrears to the World Bank and the ADB.

This has allowed Hanoi to reach agreement, with US acquiescence, on a $223m standby credit with the International Monetary Fund.

The IMF accord in turn opens the way for Vietnam to start discussions with the Paris club of official creditors in early December on rescheduling payments on some $500m of its debt, Mr Phan confirmed yesterday. The country's total debt stands at $2bn.

Mr Phan said Vietnam would need considerable further aid, if it was to meet its goal of doubling its national income by the year 2000. The vice-prime minister did, however, bridle at questions about human rights, stressing Vietnam had its own Asian interpretation of such rights which differed from western concepts.

Boost for Pacific forum

By William Dawkins in Tokyo

JAPAN plans to upgrade the next meeting of the Asia Pacific Economic Co-operation forum, due in Tokyo in 1995, from a ministerial session to include a formal summit of heads of government.

Mr Tsutomu Hata, Japan's foreign minister, suggested the idea yesterday, marking a fresh enthusiasm for regional consultation by the Tokyo government. Apec, grouping some of the world's fastest-growing economies among its 15 members, will stage a ministerial meeting headed by the US in Seattle next week, to be followed by an informal meeting of leaders at President Bill Clinton's invitation.

"We have to think what kind of management will be most beneficial to the world economy after the end of the cold war. Apec can be an extremely effective place to think about that," said Mr Takeshi Isayama, director-general of economic co-operation at the ministry of international trade and industry.

Apec should be a forum for consultation, not for negotiations, said Mr Isayama. Most of Apec's Asian members, especially Malaysia and Thailand, share Japan's view. They are suspicious of what they see as US eagerness to turn Apec into a free trade zone, economically dominated by the US.

LDP calls for Ozawa evidence on donations

By Robert Thomson in Tokyo

JAPAN'S opposition Liberal Democratic party yesterday demanded that its former powerbroker, Mr Ichiro Ozawa, now a senior member of the governing coalition, testify in parliament about donations received from a construction company.

Mr Ozawa has admitted receiving Y5m (£31,250) late last year, when he was still an LDP member, but insists the donation was legal, and claims the LDP is attempting to use the issue to derail the coalition's political reform programme.

Prime Minister Morihiro Hosokawa has promised to change the political system by the end of the year, and needs to secure quick agreement on four reform bills. However the LDP has listed 21 objections to the proposals and delayed negotiations with the government.

Disagreement over the reform bills has yet to dent Mr Hosokawa's personal popularity, according to a poll published by the Asahi Shimbun newspaper yesterday. After three months in office, his cabinet has an approval rating of 70 per cent, (71 per cent last month), but still higher than any other cabinet since 1946.

Apart from convincing the LDP to discuss reform and dealing with the Ozawa controversy, Mr Hosokawa faces difficulty in convincing the Social Democratic party, the largest group in the coalition, to accept even minor changes to the reform bills.

The SDP, formerly the Japan Socialist party, yesterday would not accept any alteration to a proposal for 250 MPs to be chosen from single-seat constituencies and through proportional representation, making a total of 500 members for the House of Representatives, the more powerful of Japan's two houses.

But the LDP wants 171 seats chosen through proportional representation and 300 from single-seats, which will replace the present multi-seat constituency system. Komeito (the Clean Government party), a coalition member, has suggested 275 single-seats, but the SDP said it would quit the coalition if the original proposal is changed.

SDP members, some of whom fear changes to the political system may end their parliamentary careers indicated yesterday that they want Mr Ozawa questioned in parliament about the background to the construction company's Y5m donation.

First arbitration in labour dispute involving foreign business

Seoul rules for Citibank in fund row

By John Burton in Seoul

THE SOUTH Korean government has issued its first arbitration decision involving a labour dispute at a foreign business by ruling in favour of the management at Citibank, the largest foreign bank in the country.

Foreign businessmen, particularly bankers, had worried that a government decision supporting union demands would provoke labour unrest at their concerns.

The ruling for Citibank, hit by staff demonstrations and industrial action since late August, follows government efforts to reverse a decline in foreign investment. Labour problems have often been cited as a main factor discouraging foreign investment in Korea.

The arbitration panel, appointed by the Ministry of Labour, said Citibank did not have to establish an employee welfare fund that was at the heart of the dispute.

It also ordered Citibank to give its workers a 9.5 per cent wage increase, higher than the management offer of 8.9 per cent but much lower than the union demand of 15.7 per cent.

Foreign businessmen had initially feared the labour ministry's intervention in the dispute would hand down a a victory for union members, since the ministry has been promoting the idea of an employee welfare fund since 1991.

The government wants companies to use part of their pre-tax profits to establish a fund that would finance employee benefits, such as low-interest housing loans. Proposed as a way to slow high wage demands, the fund has been accepted by most domestic banks and some large manufacturing companies as a result of state pressure.

Citibank refused to establish the fund because its workers are already among the best-paid in the Korean banking industry and are provided with a compensation package that is more generous than that offered by local banks.

Several other foreign banks, including Westpac, ABN-Amro and Bank of Boston, have suffered labour disputes over pay differences and compensation policies. High wage growth has been blamed for falling profits at most foreign banks, which have also been hurt by the economic slowdown and a loss in market share.

Anti-corruption official sacked in Hong Kong

By Simon Holberton in Hong Kong

A SENIOR official of Hong Kong's Independent Commission Against Corruption (ICAC), the anti-corruption watchdog, was yesterday dismissed without explanation.

Mr Alex Tsui, the commission's deputy director of operations, was sacked with immediate effect following an internal probe, the ICAC said in a brief statement. It would not specify the nature of the inquiry but he has been under investigation for some months.

The dismissal of Mr Tsui, the most senior ICAC official to be sacked since the founding of the commission in 1974, comes at a time of heightened concern in Hong Kong about the rise in corrupt practices, especially those involving business dealings, and mainland Chinese parties.

Fear of increased corruption is the issue people in Hong Kong worry about most as they prepare for China's sovereignty in 1997.

In the first nine months of this year complaints about business corruption in Hong Kong rose by 51 per cent to 1,341 complaints. Recently Mr Bertrand de Speville, the commissioner against corruption, said the ICAC was investigating 40 cases involving mainland Chinese companies or individuals.

A recent ICAC survey had found that corrupt business practices may represent 3to 5 per cent of the cost of doing business in China. But respondents to the survey said this was bearable and did not amount to a disincentive to do business there.

Late last month Mr de Speville held discussions in Guangdong and Beijing with senior government officials about cross border corruption and its prevention. He came away with an agreement from Guangdong's Provincial People's Procuratorate to increase liaison and co-operation.

NZ split over 'dry' minister

MR JIM Anderton, leader of New Zealand's Alliance party, which holds the balance of power in the new parliament, cannot work with Finance Minister Ruth Richardson, he said yesterday, Terry Hall writes from Wellington.

Ms Richardson was regarded as a leading "dry" in cabinet, and has been largely blamed by opposition parties for helping push through sweeping reforms in social welfare, health and other areas. "Ruth is all for pushing on while the country wants to take its foot off the accelerator," Mr Anderton said. The prime minister has refused to comment on the likely shape of the new cabinet, to be formed after 200,000 special votes are counted next week.

Australian deficit warning

MR Ralph Willis, Australian finance minister, warned yesterday the federal government may have to introduce additional revenue-raising measures to meet its budget deficit forecasts, although he added this would be done with reluctance, Nikki Tait reports from Sydney. "It will require constant government vigilance to keep the deficit under control," he said in a speech to the Economic Society of Australia. "It may also involve some revenue increases."

US and UK join forces to fight fraud

By Stephen Fidler, Latin America Editor

THE US and British governments signed an unprecedented agreement yesterday establishing a joint US-UK team of police officers to investigate fraud and financial crime in Britain's five dependent territories in the Caribbean.

The accord to establish the joint investigation unit, to be based in Miami, follows growing US concern over the use of Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands as a base for financial fraud against Americans.

Under yesterday's memorandum of understanding, signed in Washington, two detective inspectors from the Metropolitan Police will join Federal Bureau of Investigation agents in Miami. It will operate initially for a two-year period. The team will largely be involved in intelligence and evidence gathering in cases of white collar crime.

They will begin work on about 50 outstanding cases of white-collar crime. These usually involve victims in the US. In most cases if prosecution is obtained it is likely to take place in the US.

One example of the type of cases involved would be where worthless shares lodged in a London bank were used as the basis for launching an insurance company in the US, where they could insure up to four times the value of their declared assets.

The territories are depending on the growth of the financial services sector as an important part of their economic development. According to British foreign office officials, the agreement has been welcomed in the territories because they see that their financial sectors are attracting criminals would risk driving away good business.

Mr Mark Lennox-Boyd, parliamentary under-secretary of state at the foreign office, said the aim of the agreement was threefold: to catch existing criminals, to dissuade others from using the territories as a base for fraud and to develop local expertise in tackling white-collar crime.

This will be the first time US officials have been given law enforcement rights in the dependent territories, although there is already co-operation and information sharing between police forces there and the US on drugs trafficking and money laundering.

UK cools hopes of European roads expansion

By Charles Batchelor, Transport Correspondent

THE DEPARTMENT of Transport yesterday sought to play down suggestions that an ambitious pan-European road network recently agreed by the European Union would lead to large-scale spending on new roads in the UK.

Mr Robert Key, roads minister, said there was no financial commitment on the part of the British government to fund improvements to the road network as part of the Trans European Road Network. He was speaking at the conference of the Permanent International Association of Roads Congresses, in Brighton.

The EC Council of Ministers last month approved the designation of a 50,000-kilometre road network in Europe of which nearly one-quarter would require new building or improvement. A total of 200 sections of road, involving spending of Ecu120bn, have been identified in the plan, Mr Alfonso Gonzalez Finat, EU head of transport infrastructure, said.

The road network plan does not involve a financial commitment from governments but is intended to encourage them to back a pan-European network. The EU will provide funds through the European Investment Bank and other organisations, he said.

The announcement of the road network has created considerable interest among local authorities in the UK. But the Department of Transport is keen to play down expectations of higher spending. The UK already contributes more to EU transport funds than it gets back, the conference was told.

The UK is unwilling to provide guarantees for private spending on projects so increased lending by the European Investment Bank would necessarily lead to more EIB money being spent in the UK, said Mr Henry Derwent, highways policy director at the department.

He also warned against assuming that the European road network would automatically lead to the harmonisation of road signs. The UK is in favour of the European road network but can only agree to take it into account when deciding its road-building priorities, Mr Derwent added.

Leyland Daf workers win £10m compensation deal

By Richard Donkin

SACKED workers at Leyland Daf, the former Anglo-Dutch truck maker, won compensation technically worth about £10m yesterday when an Industrial Tribunal censured receivers of the company for ignoring employment laws.

Unions were claiming a "famous victory" for the 2,400 workers who were made redundant unlawfully because neither their employers nor the receivers who took over in February gave them the statutory 90 days notice.

The Tribunal issued a strongly worded verdict which criticised the receivers from Arthur Andersen. It said: "It is very surprising that the administrative receivers of eminence involved in this case should fail to meet their statutory obligations so repeatedly and so lamentably as they have done here."

The receivers argued yesterday that at the time that they moved into the company they were fighting to keep the business alive and there had been no alternative but to issue large scale redundancy notices.

Receiver Mr Murdoch McKillop said: "We had to use what limited funds that were available to save what was left of the company. The alternative was complete closure." The Leyland Daf case mirrored a successful claim by 700 former workers of Swan Hunter shipyard who were awarded £1.5m compensation in September.

Mr John Allen, the AEEU's chief negotiator at Leyland DAF, said the union had established an important principle. "Companies and receivers will in future have to obey the law or face the consequences."

Mr Kenneth Clarke, chancellor of the exchequer, pictured in Downing Street, as figures showed that the recovery was still patchy across Britain ahead of the November 30 Budget. Details Pg 8

Exchange appoints new CEO

By Robert Peston

THE LONDON Stock Exchange will announce today that it is appointing Mr Michael Lawrence, the finance director of the Prudential Corporation, the UK's biggest insurer, as its new chief executive.

His appointment ends an eight month search, following the dramatic resignation in March of Mr Peter Rawlins, who took responsibility for the collapse of the Stock Exchange's Taurus project to reform its share settlement system.

It is one of the most important City of London appointments for many years. It comes at a time of widespread debate about the Exchange's future.

Following the humiliating collapse of Taurus many City practitioners believe that it should withdraw from settlement services altogether.

They believe that the Exchange should not be the ultimate owner of the Crest system which is planned to succeed the current arrangements.

It had been widely rumoured that another leading contender for the job was Ms Jane Barker, the Exchange's highly regarded finance director.

However it is understood she never allowed her name to be considered and may leave the Exchange for reasons unconnected with the appointment of the new chief executive.

Overseas claimants face curbs

By James Blitz

MR PETER LILLEY, the Social Security Secretary, has called for an investigation into how overseas visitors to Britain can be restricted from making claims for state benefit.

Mr Lilley has requested the Social Security Advisory Council (SSAC), a government advisory body, to consider draft legislation which would preclude persons from abroad from receiving housing benefit or council tax benefit if they were not permitted to on entering the UK.

Social security officials say that, at the moment, foreign visitors can change their residential status in the UK to qualify for new benefits. They say that the SSAC has been asked to look into ways to prevent this.

In recent months, ministers have claimed that "foreign scroungers" have made considerable claims on the social security budget. From next spring, housing benefit will no longer be available to foreign claimants. The government also plans to impose a residency qualification on EC nationals who claim benefits in the UK.

In a speech to the Tory party conference last month, Mr Lilley highlighted the issue. "We have all too many home-grown scroungers," he said, "but it's beyond the pale when foreigners come here expecting our handouts".

Manchester ready for new games bid

By Ian Hamilton Fazey

MANCHESTER yesterday took the first steps towards bidding for the 2002 Commonwealth Games. Staging them would ensure a national stadium was built in the city and would be the springboard for another attempt to host the Olympic Games, this time in 2004.

Organisers of the failed bid for the 2000 Olympics have started urgent talks with potential private sector backers and sporting interests. If a consortium can be formed, the Commonwealth Games Federation for England will be asked to make Manchester its candidate in February.

The final choice from all candidates world-wide will be in two years' time. Manchester city council said that although many recent Commonwealth Games had lost money, media rights would be more attractive after South Africa's readmission to the games. The continuing emergence of competitive countries such as Malaysia and Kenya were also factors in making the games more attractive to TV companies.

The Commonwealth Games will also be seen as one means of celebrating the Queen's golden jubilee: she ascended the throne in 1952.

A site for the stadium has been cleared and there is strong support to build one anyway - seating 60,000 people. This would be big enough for the Commonwealth Games but the design would be expandable to 80,000 seats if the city were to bid again for the Olympics.

AT&T favoured over BT, survey shows

By Andrew Adonis

CORPORATE customers of British Telecommunications believe that AT&T, the US telecommunications giant, would provide a better all-round service than BT if allowed to compete in the UK, according to an industry survey to be published today.

The Telecommunications Users Association, which represents more than 1,100 users across the public and private sectors, said the 1,000 respondents believed AT&T had the "strongest set of credentials" to compete in the UK, and was rated above BT on three out of five performance indicators.

The survey is a significant boost to AT&T in its attempt to gain a licence to compete with BT in the UK. Its application is being considered by the government.

Although user perceptions of AT&T depend to some extent on reputation alone, the association stresses that a large proportion of respondents has already dealt with the US operator, either through US offices or through other services AT&T provides in the UK.

Ms Vivienne Peters, the association's chief executive, said: "BT is going to have a tremendous fight on its hands if AT&T is given a licence and takes the UK seriously. It will be good for UK companies."

AT&T was rated ahead of BT on customer service skills, value for money and understanding the business needs of customers. BT scored higher on reliability and financial stability.

Two-thirds of the respondents believe that BT and Mercury have become more customer-focused, with strong support in particular for new billing arrangements. But 41 per cent of BT users and 27 per cent of Mercury users reported "recurring faults" over the past year. Nearly a third of Mercury users reported a "major loss of service" over the past year, compared with 22 per cent of BT users.

Frequency of changes in account managers was felt to be a shortcoming with BT. Most respondents said account managers were influential in their perception of the network operator: "Frequent changes in account managers mean that customers very rarely reached a point where the BT manager fully understood the business organisation."

Although competition was welcomed, most users felt discount schemes were becoming too complex.

HOW UK BUSINESSES RATE RIVAL TELECOMS COMPANIES

	Score out of 5
1 AT&T †	3.97
2 BT	3.73
3 Mercury	3.67
4 Worldcom	3.34
5 Energis*	3.18
6 Cable	3.11

† no UK public operator licence
* service starts April 1994

Source: TUA

Japanese boost for Thorp plant

By William Dawkins in Tokyo

JAPAN has reconfirmed its commitment to the use of plutonium for nuclear fuel, in an encouraging sign for the £2.8bn Thorp nuclear reprocessing plant in Cumbria.

The commitment, restated in the Japanese government's annual report on atomic energy, indicates that the country is likely to honour contracts to buy reprocessed fuel from the plant.

Japan would be Thorp's biggest foreign customer, if the plant wins approval from the UK government.

A decision is expected shortly.

The Japanese Atomic Energy Commission report said recycling was "an important element" in the country's energy policy, citing the country's scarce natural resources and heavy energy consumption.

It aims to lift nuclear-generated electricity from the present 28.2 per cent of electrical power capacity to 40 per cent over 20 years.

A fledgling environmental movement, which includes members of parliament from four of the seven ruling coalition parties, is lobbying for an end to plutonium imports because Japan has a surplus. They fear that weapons-grade material could fall into the wrong hands.

But the report says Japan will have a plutonium fuel shortage until the end of the decade, when its own reprocessing plant is due to open.

Stocks now stand at 4.5 tonnes, of which 1.6 tonnes are stored in Japan and the rest at reprocessing plants in France and Britain. They will be consumed at a prototype reactor at Monju, on Japan's west coast, due to start operation next spring.

Officials estimate that stocks will last about three years, after which Japan will have to import another shipload of plutonium from Britain or France.

In January Japan shipped 1.1 tonnes of plutonium from a reprocessing plant owned by Cogema, the French nuclear fuels group, causing an international outcry from environmentalists.

A computer virus sparked a safety scare at a nuclear power station, it emerged yesterday.

The Yankee virus signalled its presence when a personal computer at Sizewell B in Suffolk started playing the tune Yankee Doodle Dandy, Computer Weekly magazine said.

Station operator Nuclear Electric dismissed one man for introducing unauthorised software into the site and the Government's Nuclear Installations Inspectorate was alerted, the journal reported.

It quoted Richard Ford, editor of Virus Bulletin newsletter, as saying the virus – thought to have originated in Bulgaria – is not serious but takes time to eliminate.

National Power expects to close coal-fired stations

By Michael Smith

NATIONAL Power, the electricity generator, expects to close about 10 coal-fired power stations by the year 2000. The news comes as a severe blow to Britain's beleaguered coal industry.

The closures may leave National Power with only eight coal-fired stations. It now operates two dozen power plants, including those fired by gas and oil.

Most of the remaining coal-fired stations would be running at considerably less than full capacity, the company said.

National Power's gloomy prognosis underlines the difficulties the government will have privatising the coal industry. With the coal market shrinking, ministers may struggle to find buyers.

National Power yesterday identified only two of the doomed power stations, Thorpe Marsh in South Yorkshire and Staythorpe in Nottinghamshire, saying both will shut next spring.

Mr John Baker, chief executive, said plants at risk were the smaller ones which are less efficient and can be more easily run at partial load.

Typically they employ between 100 and 150 people.

Plants likely to survive through to the next century are thought to include Drax and Eggborough in North Yorkshire, Westburton in Nottinghamshire, Didcot in Oxfordshire, Rugeley in Staffordshire, Aberthaw in South Glamorgan, Tilbury in Essex and Ironbridge in Shropshire.

In a further setback for British Coal, Mr Baker said National Power's coal stocks were down just 1m to 18m tonnes in the half year and it was unlikely to buy additional coal this winter.

Results, Page 16

Pretoria in talks with BAe

By David White, Defence Correspondent

BRITISH AEROSPACE is holding discreet talks with South Africa on a possible contract for the Hawk military jet once the UN lifts its embargo on defence sales to Pretoria.

A deal would involve either supplying UK-built Hawks, which are designed both as trainers and as light combat jets, or licensing their construction in South Africa.

The company would not confirm that it was in negotiations with the state-owned South African group Denel. Any deal is not possible under the present circumstances.

Contacts have already been held at government level on opportunities for UK defence companies if the embargo is lifted following South Africa's elections next year.

At the same time, BAe is negotiating with Saab-Scania of Sweden to become a partner in the JAS 39 Gripen lightweight jet fighter, made by a Swedish consortium.

The UK company, which provided the first wings for the aircraft during the development phase, is discussing component supplies as well as an overseas marketing deal.

Britain in brief

Employers find patchy recovery

Further evidence that the UK is experiencing a patchy and uneven recovery emerged yesterday in the latest survey of regional industrial trends.

The survey, produced by the Confederation of British Industry, the employers' organisation, and Business Strategies Ltd, a regional economic consultancy, showed that differences in demand have produced mixed fortunes for manufacturing across different regions. Overall, UK manufacturing orders and output changed little in the four months to October. But orders for companies in the West Midlands and Scotland increased sharply while in Northern Ireland and the south west they fell.

7.9m holidays sold in summer

Travel agents sold 7.9m summer holidays this year, the highest level since 1988, according to Lunn Poly, the largest retail travel chain. Last summer's figure was 8 per cent up on the 7.3m holidays sold the previous year.

Mr Richard Bowden-Doyle, Lunn Poly's marketing director, said this year's increase was the result of the poor UK summer and competitive pricing. He said the increase also appeared to reflect holidaymakers' confidence that the recession was ending.

Spain was the top-selling summer destination this year, accounting for 38 per cent of the market, up four points on last year. Greece was second although its share dropped to 17 per cent from 20 per cent in 1992. Austria and France are expected to account for 29 per cent each of the ski market this winter, compared with 38 per cent each in 1992-3. Italy's weak currency is expected to boost its share of the market.

IR attacks creditor plan

The Inland Revenue criticised proposals by the Department of Trade and Industry that threaten its preferential status as a creditor to companies in financial difficulties.

It argued that its priority ranking above other creditors was "necessary" and wanted it to be maintained in any changes to insolvency legislation. The comments were in response to a DTI document which called for an overhaul in existing procedures for company voluntary arrangements and administration orders. The document said that some countries are eliminating or reducing the number of preferential tax creditors.

Banks maintained their tentative support for the proposals, which would require them to lose some of their rights as priority creditors by abiding by CVAs and giving a company seven days' notice before appointing receivers.

Commercial vehicles up

New commercial vehicle sales rose by 4.4 per cent in October, the second consecutive monthly increase.

The commercial vehicle sector has taken much longer than the car market to emerge from recession, but there are growing signs that a recovery is now under way.

New commercial vehicle registrations rose to 16,148 last month from 15,465 in the same month a year ago, while registrations for the first ten months of the year at 169,359 were still 2.2 per cent lower than a year earlier, according to figures released by the Society of Motor Manufacturers and Traders.

The first signs of recovery came from the heavy truck segment of the market late last year, as hauliers began to replace ageing fleets, but in the last couple of months demand for medium-sized vans has also begun to pick up, albeit from a low base.

Radio station loses licences

A commercial radio station owned by two of the major companies in the industry, Capital Radio and GWR, has lost both its broadcasting licences.

The Radio Authority decided not to renew the licences of DevonAir which broadcasts in the Exeter and Torbay area of Devon. Instead both FM and AM licences have gone to Gemini Radio.

Lone parent benefit row

Conservative MPs yesterday urged the government to press ahead with its examination of ways to cut state benefit to single parent families after new data revealed a sharp rise in the number of lone mothers claiming social security in recent years. Statistics showed that the number of lone parents claiming Income Support, one of the major benefits disbursed by the Department of Social Security, had risen by more than 38 per cent in the last 5 years.

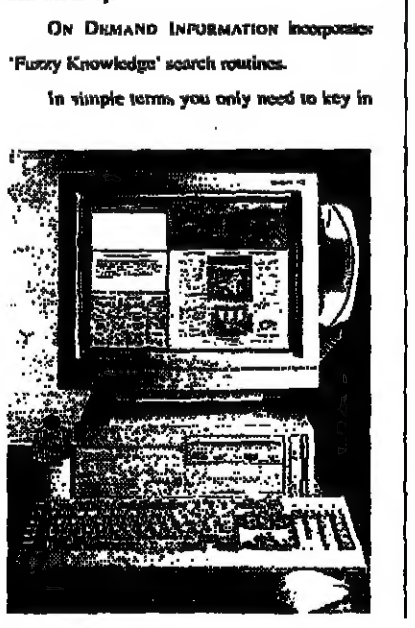
The figures coincided with a row in Westminster over whether ministers were planning to cut state benefit to lone parents to reduce the social security budget.

Rail incentives for companies

Private companies running train services could qualify for incentive payments worth up to hundreds of thousands of pounds if they meet punctuality and reliability targets.

The proposals to reward improved performance are contained in the government's draft objectives for the franchising director, which were published yesterday.

The franchising director, Mr Roger Salmon, a former director of NM Rothschild, the UK merchant bank, will be able to use part of his budget to reward rail operators which improve punctuality and reliability of train services. The franchising director will be responsible for deciding who will run the 25 franchise created under the government's rail privatisation plans.



MANAGEMENT: MARKETING AND ADVERTISING

Ducking the price wars

Price wars are growing so common in businesses from grocery retailing to personal computers and telecommunications that, for many companies, joining in has become a pre-requisite of survival.

However, an article in the current McKinsey Quarterly argues that price wars should – and often can – be avoided. Indeed, it says, preventing them should be a cardinal rule of marketing.

Almost invariably, the resulting losses outweigh any gains. For a typical, publicly quoted US company, McKinsey says, a one percentage point cut in prices translates into a 12.3 per cent drop in profit.

That fall can be reversed only if sales volumes rise 4 per cent. Yet in most businesses, a 1 per cent price reduction is unlikely to generate more than a 2 per cent increase in sales.

Furthermore, price wars rarely squeeze competitors out of the market or discourage new entrants. Instead, they undermine premium pricing structures and discourage consumers from paying a premium for higher quality.

McKinsey says most price wars result from misjudgments, not from deliberate strategy. Most are over-hasty reactions to flawed information about what competitors are up to, or a misreading of their motives.

For instance, an unnamed US food manufacturer recently triggered a price war which destroyed all this year's industry profits because it assumed that a 10 per cent price cut by a competitor was intended to win market share. In fact, the competitor was simply selling off a discontinued line cheaply.

As well as ensuring that their commercial intelligence and competitive analysis are sound, companies can avoid price wars by emphasising product benefits to customers.

If a price war starts, companies should seek quickly to lock big customers into long-term contracts. If that fails, McKinsey says, the last resort is to match competitors' tactics with aggressive tit-for-tat retaliation.

Guy de Jonquières

American Express has launched its first global campaign for five years, writes **Diane Summers**

Famous faces fit the bill

The film shows Anita Roddick, Body Shop founder, striding around the jungle, discussing her way of doing things: "Trade not aid for us is a real symbol. It's about trading in the developing world, setting up commercial initiatives with indigenous peoples. We don't change the environment, we don't touch the culture. I'd rather promote human rights . . . than ever promote a bubble bath."

Misty rainforest shots are interspersed with indigenous peoples going about their business, ethnic music and then – shock – Roddick starts talking about her American Express card. "I travel a lot, I'm in bizarre places, I'm in unsafe places, I need to get in and out. What I use for that is American Express. There is no option, there is no debate."

It is comforting to know that even in the depths of the rainforest one need never be embarrassed by a shortage of cash or having the wrong piece of plastic.

The 60-second, lavishly shot Roddick TV film, which is initially being shown in the US, is part of a vast global advertising campaign – the first by American Express for five years – currently being unleashed on the world. In the UK alone, £10m has been earmarked for the advertising, which is already under way; by next year the ads will be showing in up to 30 of Amex's main markets. Overall costs are not being disclosed – all the company will say is that "investment is very large". Currently, the American Express card is placed well behind the two leaders globally, Visa and MasterCard, in charge volume – value of sales and cash advances made on the cards.

Each of the ads – there will be about 50 in all – follows an identical format but the national content is different in each case. Amex has selected people it considers to be recognisable "local business heroes". They each talk to an unseen interviewer about their achievements, vision and how their businesses are run. Snatches of film, clearly shot on no-expenses-spared locations, illustrate their points. It is only towards the end of the films – which are closer to "advertorials" than conventional ads – that the heroes explain their attachment to American Express and the card makes its appearance.

Noticeably absent is information about membership fees and the like. According to Aldo Papone, special adviser and a director of the company: "We have always built on who has it, rather than its features."

In view of the current heated competition between card-providers in the US, which is being mirrored elsewhere, this is perhaps just as well. The latest feature of the card wars is a flurry of "customer loyalty" schemes. In the UK, for example, where Amex has 1m of its almost 37m cardholders, the company last month launched an air travel and hotel accommodation points scheme. The scheme will cost £20m over the next three years in marketing and administration in the UK.

That came within a few days of the first launch by a UK manufacturer (Vauxhall, the General Motors subsidiary) of a mass-market credit card, which also provides discounts on the purchase of Vauxhall cars. Save and Prosper, the financial services group, is another to have recently offered a new, low-interest card.

Papone lists the qualities Amex was seeking in their "local heroes" as including: conviction, pursuit of ideals, learning from failure, hard work and success – in terms they define for themselves. They must be able, of course, to sing the praises of the American Express card through personal experience, as well as recommending it as a way to pay in their establishments. The whole thrust of the campaign is away from former elitist images and towards what Papone calls the gentler "emerging value of the 1990s".

Amex's choice of the heroes is weighted towards restaurateurs and hoteliers and includes, in the UK, Richard Shepherd and the ghost of the late Peter Langan of Langan's restaurant, and Mike Gooley, founder of the travel company Trailfinders. Most familiar is Sir Terence Conran, the eclectic designer, who is filmed cooking, cycling and at his London restaurants before giving his endorsement to the "classic green card".


Freewheeler: Sir Terence Conran endorses the classic green card in the UK

Besides Roddick, the US advertisements feature Charles Lazarus, founder and chief executive of Toys R Us, and Jean-Louis Dumas, chairman of luxury goods company Hermès. The latter is seen surrounded by the luxury materials of his business as he extols the virtues of his products. "I'm embarrassed to speak about a scarf like a still-life piece. A scarf is only good when it moves around," he intones to the sound of violins. "We give birth to the product, the customer gives life to it." For the benefit of those who can afford it, he concludes: "American Express, it is a very good way to pay at Hermès".

Italian advertisements feature Roberto Scio, from Il Pellicano, the Portofino hotel, and Ninetta Ceccacci Mariani, owner of the Rome Checchino restaurant. German local heroes include Ruediger Kowalke from the Hamburg Fischereihafen restaurant and, in Japan, Kyoichi Egashira from Royal Host restaurants.

All the ads, says Shelly Lazarus, president of Ogilvy & Mather New York, the advertising agency which has been responsible for the campaign, were unscripted. They were also unpaid – an arrangement which is not likely to have left the heroes dissatisfied, given the massive plugs they received for their businesses.

A potentially explosive brew

Carlsberg has entered the lucrative Thai beer market, writes **Victor Mallet**

Thailand can be a difficult place to launch a mass-market product. In a recent A-Z guide to doing business in Thailand, the A stands for assassination. Yet Carlsberg, the Danish brewer, has succeeded this year in pushing its way into the potentially lucrative Thai beer market in the only way possible: with the help of a powerful local partner.

There was never any doubt about the opportunities. With the economy expanding at an average of 10 per cent a year, beer consumption has tripled to more than 330m litres a year in the last five years. Per capita consumption is still low and Carlsberg executives believe the market will continue to increase by 25 to 30 per cent annually.

The challenge for newcomers has been to loosen the stranglehold of Thailand's duopoly of existing brewers. Until Carlsberg Brewery (Thailand) began production at its new $80m (£57m) plant north of Bangkok in May, the market was dominated by Boon Rawd Brewery – whose Singha brands accounted for nine-tenths of the beer sold in the country – and Thai Amarit's Kloster and Amarit brands.

As Thais have become more prosperous, they have increasingly taken to drinking beer, regarded as a western, up-market product, instead of the cheaper, rum-type beverages known as "whisky". But Boon Rawd and Thai Amarit have hitherto controlled the beer distribution networks and imported beers are heavily taxed.

Carlsberg has broken into the market by teaming up with Charoen Sirivadhanabkhadi, an influential ethnic Chinese businessman. He produces and distributes Mekong, the most popular Thai whisky and therefore has a ready-made distribution network across Thailand, as well as an interest in branching out as beer consumption rises.

Charoen, his wife Wanna, Crown Prince Frederik of Denmark and Carlsberg's managers celebrated the new partnership at a lavish ceremony at the brewery last month.

"You've got virtually 100 per cent distribution [of Carlsberg] because of their whisky," said Michael Iuul, Carlsberg International's managing director. "If you're starting from scratch you have to work much harder to get penetration."

Charoen has demanded a high price for his part in the business. He and his local partners own 90 per cent of the joint venture and they say they may use a second brewery to be completed by the partnership next year to produce their own brand as well as – or even instead of – using it to make more Carlsberg.

Carlsberg executives regret failing to secure a larger share, but console themselves with the knowledge that Carlsberg receives royalties for the use of its name and technology. The Thai operation also fills a gap in Carlsberg's network of Asian operations.

Early indications are that Carlsberg is selling well in Thailand and has seized about a fifth of the market. The new brewery, which can produce 1m hectolitres a year, is working at full capacity and Carlsberg says it has only three days of stocks.

Heavy advertising has helped – Carlsberg in Thailand believes it will spend between 30 and 40 per cent of the $10m being spent by Thai brewers this year on television and other main media – and the brewer has matched Singha's 6 per cent alcohol content to suit Thai tastes.

But Charoen's distribution network is vital. Launches of other beers have failed in the past because the product was not widely available.

Boon Rawd is putting up a strong fight. Its advertising emphasises nationalism and positions the product as a local beer in contrast to Carlsberg's international image.

Carlsberg has been obliged to take the unusual step of producing own brands of bottled soda water and still water; these are essential mixers for Mekong whisky and Charoen feared that Boon Rawd, hitherto the main soda water manufacturer, would threaten to withhold supplies from retailers who accepted Carlsberg beer on their shelves. The rivalry between selling agents on the backstreets of Bangkok and other towns was described by one Carlsberg manager as "fairly violent".

Carlsberg's European executives are painfully aware of their dependence on Charoen, but know they could have entered the Thai market only with the help of somebody like him.

Asked if Charoen could market Carlsberg in the face of stiff resistance from Boon Rawd, one manager described Charoen as "resourceful" and pointed out that cornering the whisky market in Thailand – as Charoen had done – was not an achievement for the fainthearted.

PEOPLE

Sears changes its finance director

Stephen Park, finance director of retailing group Sears and Liam Strong's first big appointment after he became chief executive in 1991, has resigned with effect from the beginning of next month. He will be replaced by David Defty (right), deputy finance director at Grand Metropolitan.

A company source says Park, who was headhunted in June last year from Hanson where he was Lord Hanson's personal assistant, had been having discussions with Strong in recent months. "He and Liam agreed that it just wasn't coming together in the way they had hoped. They decided it was better for them to part company."

Park, who had been finance director of Hanson's Allders division and later responsible for strategic planning, acquisitions and divestments, is said to have "two or three other irons in the fire". He will receive an undisclosed severance package.

Defty, 48, has what Sears calls a "solid record in financial management of well-regarded companies". He began his career at Philips Electrical, and joined Colgate-Palmolive in 1968 where he held several senior positions including director, corporate finance, New York. After leaving in 1984 he worked as finance director at Guinness and Woolworths, and joined Grand Metropolitan in 1988 as finance director of the IDV drinks division.

He became deputy group finance director of GrandMet in March last year. Sears, which found Defty through an executive search, said his experience in the US and in several "customer-orientated" businesses fitted him well for his new post.

Sears does not expect Defty's appointment to lead to any changes in accounting policy; it has worked hard in the past few years to make its accounts more transparent.

Sears is also beefing up its board through the promotion of two new directors, Ian Thomson, 47, managing director of Sears footwear business British Shoe Corporation, and Rod Taylor, 40, director of group human resources. The board has seen its numbers depleted by a series of management changes in the past two years.

Taylor's association with Strong goes back to Strong's days as director of marketing and operations at British Airways, when Taylor was his human resources general manager. Thomson joined Sears in September last year from South African retailing group Edgars Stores.

Thinking about local government

Brian Redhead, 63, who steps down as presenter of the Today programme in a few months' time, is to be chairman of a new think-tank which will investigate the state of local government in England and Wales.

Redhead, who has become one of Britain's best-known radio broadcasters during his 18 years on the Today programme, is no stranger to controversy and his new post will give him a chance to contribute to the sometimes acrimonious debate about the reform of local government in Britain.

The new think-tank, which is called the Commission for Local Democracy and will have a two-year life, has tried to guarantee its independence by not taking funding from either local or central government. It has raised funds from a number of sources including Unity Trust Bank and the Municipal Journal.

David Clark, 36, director of the new body, says that local democracy is in "need of friends and we hope we can contribute to its strengthening in future". The aim will be to analyse some of the ills that beset local government and suggest solutions.

The organisation has nine commissioners who will oversee its work and draw up its recommendations. Apart from Redhead, they include Roger Jefferies (formerly an under-secretary, environment department, and chief executive, London Borough of Croydon); Steve Bullock (former Labour leader of London borough of Lewisham); Jane Clark (former Liberal leader of South Somerset District Council); Gareth Gimblett (former Conservative leader of Berkshire County Council); Simon Jenkins (former editor of The Times); Gerry Stoker (Professor of Politics, Strathclyde University); Kieron Walsh (Professor of Public Sector Management, Birmingham University) and Sally Witcher (director, Child Poverty Action Group).

■ Lord Walker, the former cabinet minister, yesterday announced the membership of the board of English partnerships, the government's new urban regeneration agency which he chairs.

Joining Sir Idris Pearce, chairman of English Estates, whose appointment as deputy chairman had already been announced, are: Michael Carr, Labour leader of Middlesbrough council, chairman of Middlesbrough City Challenge board and a member of the Teesside Development Corporation; Bill Jordan, president of the AEEU craft union; Stephen Massey, executive vice-president of Prudential Bache Securities, the investment firm; Dennis Stevenson, chairman of the SRU consultancy group, the Tate Gallery and GPA.

David Taylor, chief executive, will be an executive director, as will Paula Hay-Plumb, who comes to the agency on January 1 as finance and administration director. She was previously involved with the Canary Wharf development in London's Docklands and was group financial controller in the team which completed the successful restructuring of the project to bring it out of administration.

■ **Ray Morgan**, chairman of Hall Harrison Cowley, has been appointed chairman of NATIONAL READERSHIP SURVEYS; **Michael Mander** has completed his term of office.

Non-executive directors

■ **Craig Tedmon**, vice-president of ABB Asea Brown Boveri, at BOC GROUP.

■ **Robert Paine**, deputy chairman of Scholes Group, as chairman of BRITISH BUILDING & ENGINEERING APPLIANCES.

■ **Lars Ahrell** and **Duncan Saville** at The PHOENIX TIMBER GROUP.

■ **Barry Field MP**, newly appointed chairman of J.D. Field & Sons in succession to Edward Field, at GREAT SOUTHERN GROUP in which J.D. Field is the major shareholder.

■ **Peter Blood**, a former chief executive of Britannia Shield Property Services and a director of the Staffordshire Family Health Services Authority, at JOHN TAMS GROUP.

■ **Geoffrey Deith**, chairman of Aynsley Group, at ARGUS PRESS.

■ **Mark Smith**, a former vice-chairman at S.G. Warburg, at The LAIRD GROUP.

■ **Diana Courtney** (above left), a partner in Denton Hall, at BRADFORD & BINGLEY Building Society.

■ **Jean Solandt** (above right), group md of treasury and trading at Schroders, at the WOOLWICH BUILDING SOCIETY.

■ **Christopher Day** and **Mark ten Hove** at JAKARTA FUND (CAYMAN); Peter Drew and David Harding have resigned.

■ **Rodney Price**, a director of Brierley Investments, at ALVIS.

■ **Lord James Ramsay** at DUNDEE AND LONDON INVESTMENT TRUST on the resignation of Roland Jarvis.

■ **Rhys Williams**, a former diretor of GEC, at EUROTHERM.

■ **Christopher Burnett**, chairman of Fogarty and Moorfield Holdings, at MARSHALLS.

■ **Edwin Thirlwell**, founder and former chairman of Prontaprint Holdings, at FLYING FLOWERS.

■ **Sir John Sparrow** has resigned from ASW HOLDINGS.

TECHNOLOGY

Trials and tribulations of drug harmony

Peter O'Donnell reports on the need for a standard approach to pharmaceutical testing

Discussion flared in Florida last month over how much sun could get through the window of a Tokyo pharmacy in high summer.

This conundrum was just one item on the agenda of 1,600 scientists from the pharmaceutical industry and health ministries around the world who attended the Second International Conference on Harmonisation of the Technical Requirements for the Registration of Pharmaceuticals for Human Use.

Against the improbable background of Disney World, the cream of the world's drug developers and regulators spent three days debating how an alignment of divergent national testing requirements could bring new medicines onto the market more quickly.

At present, there is no standardised approach to checking how medicines stand up to light – which is why the Japanese Ministry of Health and Welfare was presenting detailed data on how it measured the exposure of a drug stored near a south-facing window during a 14-day period in June.

Drug manufacturers face a daunting technical challenge in bringing their new products on to international markets. Differing regulatory demands from country to country oblige a company to perform new tests or present its data in different formats to satisfy each health authority.

With the average cost of developing a new drug estimated at nearly $360m (£238m), companies have a powerful incentive to eliminate unnecessary expenditure and delay – and one obvious route is the rationalisation of testing requirements.

According to David Kessler, commissioner of the US Food and Drug Administration: "Science-driven harmonisation can curtail duplication and thereby reduce significantly the cost of new drug development – not just in dollars spent by the industry, but in risk-taking by patients, in experimentation with laboratory animals and in the regulatory effort of our governments."

After more than three years of intensive collaboration, the health authorities and the pharmaceutical industry in the world's big three drug development regions – the EC, US and Japan – are now starting to see the first results of their labours towards rationalised drug registration requirements.

Cuts of 33 per cent in the cost of stability testing have been claimed as the result of one of the harmonisation measures announced in Orlando.

A joint guideline nearing agreement on long-term toxicity studies holds out the promise of halving the length of some tests without any significant loss of data.

Motivations include long-term economic benefit, faster drug development, fewer animal tests and better science

Similar agreements are in prospect on a standard format for presenting clinical trials data, how to screen out potential cancer-causing agents, whether it is legitimate to transfer results between ethnic groups and the hundreds of other detailed testing standards that have pushed drug costs upwards and held back new product introductions.

These could be only the first steps. Drug regulators are now admitting, for the first time, that the prospect of a single standard application format worldwide is not entirely unrealistic, and that the road could even extend to joint review of new drug applications.

Given that the EFTA countries, Canada and the World Health Organisation are also involved in this harmonisation process and that many other countries wish to join in, the long-term benefit for companies introducing new drugs already appeals to business managers as much as to research heads.

However, the touchstone of success will be how quickly the new agreements can be put into practice in the three regions which are the motors for change. Kessler has warned that cost constraints could prevent the FDA moving ahead "with the sense of urgency that harmonisation projects may deserve".

Keith Jones, director of the UK Medicines Control Agency, has responded that delay by any of the three regulatory parties "would deliver little to industry or to patients". And Fernand Sauer, the EC Commission's head of pharmaceuticals, has drawn a connection between the success of the harmonisation programme "and its correct and swift implementation in the three regions".

There is also a perceived need to speed up the harmonisation process itself and make the negotiations more efficient. As Nobataka Tsunakawa of the Japanese Pharmaceutical Manufacturers Association remarked on the development of the stability testing guideline: "At the beginning of the process, we expected to obtain early results with this issue. But it took three-and-a-half years to reach our goal."

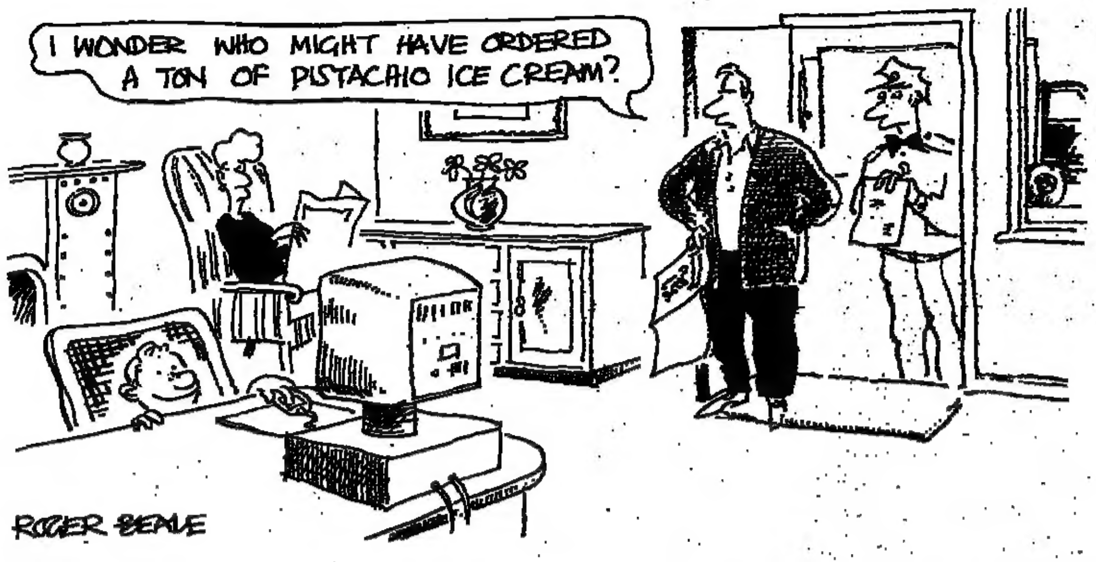
Some European industry representatives at Orlando, resentful that they had been bounced into a deal which tightened up testing requirements for them, ruffled the feathers of diplomacy by circulating a letter complaining of decisions being made "in a political climate".

Nevertheless, the process appears set to continue. The obvious motivations include long-term economic benefit, faster drug development, fewer animal tests and better science.

But for many of the hundreds of experts involved in this network of meetings and discussions over the last three years, the satisfaction – and the principal recompense for a heavy increase in personal workload – is that of the pioneer.

High-street habits are changing with the advent of computerised shopping, reports **Andrew Fisher**

Tapping into convenience



It is summer a few years' hence and you want to lay on an outdoor grill. You call up the American barbecue page on your computer screen and the system linking your home with the local supermarket asks whether the meal will be for two, for several people or for a party.

You give your answer. It asks what sort of drinks, appetisers, main courses, side dishes and desserts you want, even whether you want to use a food processor. All screen options are illustrated, some with videos. You tap in your preferences and recipes with ingredients and brand names and prices can be called up and printed out.

You order the shopping electronically with a simple barcode scanning device or direct from the screen. The goods are delivered through a secure entry point, or "hole-in-the-wall" in your home, or to a collection point at, for example a nearby petrol station.

It all sounds blissfully effortless, if somewhat soulless. However, a US study has shown that 64 per cent of people dislike going to the supermarket for their basic shopping, as many as hate going to the dentist. The figure is quoted by Andersen Consulting which has opened a $5m (£3.3m) retail centre in the UK to demonstrate how technology can be applied to meet the pace of change in the industry.

Named Smart Store Europe and located in Windsor, west of London, it shows some of the gadgetry and computer systems which are becoming available to the retail, distribution and manufacturing sectors. As well as shopping by screen, it gives an idea of what the automated, computerised store of the future will look like, from the check-out counter to the manager's office.

John Hollis, a partner in Andersen Consulting's UK practice and director of the Smart Store, believes the retail sector is about to experience a tremendous shake-up. "I see us going through such huge, turbulent changes in this industry in the next few years that just talking about it is not enough. There are real fundamental issues that the boards of companies will have to work through."

Evidence of change is abundant. In Germany, the Karstadt and Hertie store groups are discussing a merger to combat the effect of the shift in consumer tastes to niche and discount retailers.

Competitors are crowding in to the UK. Costco, the US warehouse club operator, plans a big, cut-price outlet in the east of England. Discount retailers such as Aldi of Germany and Netto of Denmark have invaded the food market. US-style factory outlet malls are also coming to the UK. Aware that their high profit margins cannot last, UK supermarkets have now embarked on a price-cutting wave.

Such developments will make a big difference to the way people do their shopping. So will the changes in the telecommunications and entertainment industries, mainly led from the US; these have implications for shopping by television (already a reality in the US), video links to the home and multimedia services combining sound, pictures and computers.

If people can have their basic purchases delivered, will they want to go shopping at all? Some will not. But most will want to see some of the goods they buy. Shops and stores are also places of social activity, the difference being between "replenishment" and "enjoyment" shopping. In future, a person could enjoy a drink or a snack while browsing through lists of items on a screen and ordering by scanner. Shopping trolleys will have video information about goods on offer and where they are to be found, as well as games to keep children amused.

Advice on anything from building a conservatory to clothing will be available from in-store computers. Managers' offices will also become more electronic. The one in Andersen's Smart Store has a terminal with information about sales trends; this is duplicated on a pad computer which managers can carry around the store.

"Managers don't have to be in the office," says Tamar Herman, a consumer products manager with Andersen. "The idea is for them to get close to the customer and manage the workforce better." The computer would tell managers when they needed to order more of a certain product and help work out labour schedules.

With better data, managers would be able to make more marketing and strategy decisions, says Herman. "A common problem is that information gathered at the store goes up to the central office and comes back down in a stack of paper two weeks later."

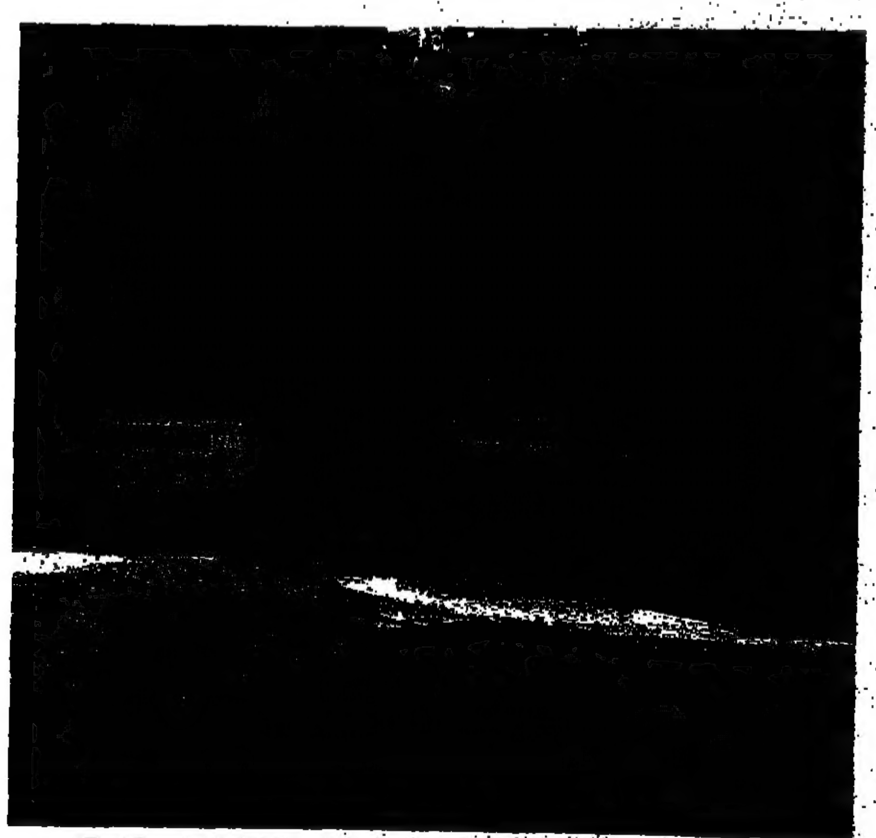
The first company to visit the Smart Store in Windsor – there are others in Chicago and Sydney – was Marks and Spencer, the UK clothing and food chain. The visitors' list also includes Nestlé, the Swiss food producer and Hachette, the French publishing group.

Some companies have long-grasped the value of keeping abreast in technology. ICA Handlarnas, the Swedish co-operative food retailing group, has spent SKr560m [illegible] on streamlining its distribution system by using computers to link its 2,800 member stores; it has shut half its distribution sites. Stores are also being equipped with new scanning equipment, so that up-to-date sales information can be used to help purchasing and analysis.

Hollis sees scope in the UK for store groups to save money by pooling their distribution efforts. If direct ordering from the home really does take off, goods could be delivered from the warehouse without ever being in a supermarket. This could cut prices by some 5 per cent, depending on how much of the savings are kept by suppliers.

At a time when flat population trends mean retailers can only grow in many countries by eroding others' market share or expanding abroad, the way they use technology will have a powerful influence on their success in improving service for shoppers while keeping prices down.

This is what consumers are coming to expect. Many have become used to the convenience of automated banking and buying insurance by telephone, notes Hollis. "People have changed some of their habits to quite devastating effect on the high street."



'Two Adjacent Positions', by Dan Graham, a Coutts Contemporary Art Foundation 1992 award winner.

g into
ience

'Mandragola' opens new theatre

Seeing a comedy by Niccolo Machiavelli (1467-1527) is like discovering John Stuart Mill was big in panto or George Eliot had a fizzy stand-up routine. Machiavelli's *Mandragola* (1522) is the old wine in the new bottle, since it inaugurates The Southwark Playhouse.

First the theatre. The renovation cost under £10,000. This used to be a tea warehouse, engineering shop, and Filipino church; so trade, technology and religion have now ceded to entertainment. The pews for seats are an irony Machiavelli would have enjoyed, but the black or dark green walls would have reminded him of his spell in prison after the Medici lost control of Florence. There are a dozen spotlights, a small playing area, and a bar. The Southwark Playhouse fills a need for a studio space in this part of London and, on first acquaintance, looks good.

Now the play. Machiavelli wrote *Mandragola* long after his political ambitions had been thwarted; it has a realist outlook and a comic execution. Like his *Discoursi* and *Il Principe*, it catalogues what men and women do rather than what they ought to do.

The plot weaves around Lucrezia, the beautiful wife of an impotent Florentine, Messer Niccia. Hearing of her beauty, Calimacco has come from France to seduce her, and enlists the limber offices of Ligurio to gain entry to her bedchamber. First Calimacco pretends to be a medic prescribing mandrake root, but he diagnoses death to the first man who makes love to Lucrezia post-mandrake. He then takes on a second disguise as an expendable street urchin, ushered in by Ligurio and Messer Niccia for a night of pleasure with Lucrezia. She enjoys it, Calimacco declares his love, and they plot a future as doctor and patient. The church, in the form of a quiet, worldly friar, watches indulgently.

The result is a cocktail of *Up Pompeii* and *Les Liaisons Dangereuses*, all trust and trysts, but laced with Machiavelli's *sententia*: "Always weigh certain gain against uncertain loss" or "it is the part of the wise man to choose the lesser of two evils." There are philosophical debates waiting to happen; Ligurio, resplendent in pink socks, green suit and orange shirt, can still observe: "I believe what satisfies the majority is *itself* good."

The Turkish director Mehmet Ergen, who has worked on Sam Shepherd and David Mamet, keeps the dialogue natural and relaxed; Peter Pacey as the slimy Ligurio and Clive Webster as the pragmatic Friar are particularly good, in love with the deliciousness of the plot, but nevertheless keeping the issues humane. Matthew Morrison as Calimacco is by turns libidinous and lurid as the chief seducer.

It is surprising to find that Machiavelli works on stage. His maxims are most suited now not to politics (the thrust of Edward Pearce's recently published book *Machiavelli's Children*) but to organisations (the focus of Anthony Jay's *Machiavelli & Management*), where it is much more secure to be feared than to be loved and where the reputation of power *is* power.

Andrew St George

Southwark Playhouse, Southwark Bridge Road, SE1 (071 620 3494) until November 27

Concert/David Murray

Brooding Russian

On Tuesday we should have heard Nikolai Demidenko playing Tchaikovsky and Rakhmaninov piano trios in the Wigmore Hall, with his violin-compatriot Grigori Zhislin and the French-Canadian cellist Sophie Rolland. But when we got there, the concert had shrunk to a solo recital by Demidenko. I might just have gone home; this formidable pianist compels admiration, but rarely any sympathetic warmth. His last-minute programme included a lot of Nikolai Medtner, however – two of whose concerti he recorded with electrifying commitment last year; so I stayed.

Medtner is a peculiarly interesting composer: a contemporary of Skryabin and Rakhmaninov, and hugely fluent – but unlike them a Westernising "conservative", because his favoured models were Schumann and Brahms. He fled Russia soon after the Revolution, and lived his last 30-odd years in Golders Green.

Demidenko cuts rather a daunting figure: lofty, chilly, saturnine. His Medtner here was the *Sonata Reminiscenza* and the *Sonata Tragica*, each of them prefaced by a slighter piece from which it grew: a "Canzona Serenata" and a "Canzona Matinata", respectively wistful and morning-dewy.

Viktoria Postnikova used to make a speciality of the *Sonata Reminiscenza*, which flowed under her hands continuously and hauntingly, amid subtle shadings. With Demidenko each new thematic idea arrived with a grinding clash, as if Medtner's structures were held together by main force alone. Moments of pungent character erupted as if from nowhere, lightning-flashes in no cogent order. The laser-illuminations were brilliant, their sequence fractured and unpersuasive.

Demidenko had begun his recital with Tchaikovsky's *Dumka*, virtually an "occasional" piece – tuneful but little more than routine concert-stuff, which he searched through with slow, excruciating tenderness, rather marvellous to hear. The second half of his programme, all Rakhmaninov (three Etudes-Tableaux, seven Preludes), was only fitfully concentrated. There was a regular scatter of finger-slips, especially in rapid bass-shots – most unlike Demidenko's usual omni-competent form.

The E-flat minor Etude-Tableau began with a nervily original kind of brooding and ended in drawn-out gloom, but the middle was all-out, triple-*forte* bashing. The programme-notes reported the expatriate Demidenko as declaring that "being Russian is a *duty*"! That may be so; but the duty need not be so icy, nor so grimly stern.

Ivory takes on Ishiguro: Anthony Hopkins and Emma Thompson in 'The Remains of the Day'

Cinema/Nigel Andrews

What the butler didn't see

The Remains Of The Day takes the oldest of movie genres and turns it upside down. Instead of "What the butler saw" here is "What the butler didn't see (or in some cases pretended he hadn't)." Like Kazuo Ishiguro's Booker Prize-winning novel, James Ivory's film is a tragicomedy about spiritual myopia. But irony dances gleefully amid the gloom. Not the least of the movie's own tangy paradoxes is that our buttoned-up and blinkered hero, this all-unseeing carrier of silver salvers, is played by Sir Anthony Hopkins, whose most famous recent screen role was as a man who Saw Everything. Not *only* saw it but smelt it, heard it and whenever possible ate it alive.

The main things Stephens fails to see – let alone savour – are love (housekeeper Emma Thompson) and political imbroglio (James Fox as his quisling master Lord Darlington, hosting appeasement powwows in the Nazi-threatened 1930s). But he also fails to discern his own atrophying sensibility as a life of "Yes, sir, no, sir" self-subordination cuts off the normal arterial flow between heart and brain.

The novel was a *tour de force* of wry pathos and behavioural comedy. Its autopsy on British repression – on what E.M. Forster once called our "deficiency of the heart" – was not just *about* Stephens, it was narrated *by* Stephens. And like all good first-person narratives, from *Gulliver's Travels* to *Moby Dick*, it encouraged us to be sceptical about the narrator himself. Might not this omniscient 'I', aiming his prejudices or disdains or disingenuous innocence at the world, be the biggest of all the book's boobies, prigs or self-deceivers?

Helped by his longtime screenwriter Ruth Prawer Jhabvala (*A Room With A View*, *Howards End*), Ivory deftly transfers the book's past/present interplay onto screen. Here is Stephens in 1956, tooling through the English countryside in his new master's Daimler to rendezvous with, and he hopes re-hire, the now unhappily married Miss Kenton (Thompson). And here is Stephens 20 years before, when she and he suppressed their little flame in the ruthless rituals of domestic service. Polish that gridiron! Dust that alcove! Prepare your "staff plan" for those all-important visits by Chamberlain and Ribbentrop.

The book's comic highlights are wittily born again for the film: Stephens aghast at being asked to instruct a young relative of Lord D's in the "facts of life"; or Stephens shrinking into himself like a salt-sprinkled slug when Miss Kenton tries to wrest his latest reading matter from him (a romantic novelette). Even when the film threatens to overplay a moment from the novel – Stephens intruding on a Miss Kenton sobbing helplessly in her bedroom to convey the latest dusting instructions – caricature is kept at bay by our total belief in Hopkins and Thompson.

Other casting choices are dodgier. Too often the film reaches for the James Ivory Rep Directory and sticks a random pin in it. Christopher Reeve? – oh dear me no! – as the American anti-appeasement senator who roughs up the 1930s conferences and then returns, greyer but no less one-dimensional, to buy up Darlington Hall. (This is an over-neat screenwriter's touch; in the novel the two American characters were different.)

Reeve is a gawky bantamweight thrown into a ring full of swift-moving heavyweights. But what a show *those* superior bruisers put on. Hopkins is all bullheaded grace and lethal diffidence, holding off the world's blows with little flinches of the head and sometimes offering his own respectful version of a right hook. (Show him a dirty hand-towel and you will be spreadeagled on the canvas.) Thompson, as in *Howards End*, strides straight out to the middle of the emotional arena and never retreats. This actress can make everyday distress seem like high tragedy and spinsterly longing wring the filmgoer's heart. More British acting Oscars on the way?

THE REMAINS OF THE DAY (U)
James Ivory

DEMOLITION MAN (15)
Marco Brambilla

GUILTY AS SIN (15)
Sidney Lumet

L'ACCOMPAGNATRICE (PG)
Claude Miller

*

In *Demolition Man* Sylvester Stallone wakes up in the year 2032. He has spent 36 years in a "cryo-penitentiary," but age has not withered nor refrigeration staled those plug-ugly features. (Nor that Yogi Bear voice with a hint of lisp.) Soon Sly is re-donning the cop clothes he disgraced back in 1996, when his gung-ho showdown with black psychopath Wesley Snipes resulted in the death of 30 hostages.

Now he is back in "San Angeles" *(sic)* and so is Snipes, woken from his own deep-freeze to become a state hit-person. Add a comely policewoman (Sandra Bullock), a villainous city ruler with a Brit accent (Nigel Hawthorne) and an outbreak of runaway production design (David L. Snyder, once of *Blade Runner*) and you have this merry if sometimes indigestible recipe for a sci-fi film cum cop opera.

Mercifully, amid the bang-bangs, there are some ha-ha's. If Schwarzenegger gave self-satire an honourable name in *Last Action Hero*, it is Stallone's turn now to put the "ludic" back into ludicrous. He mows down baddies with post-modern implausibility; he cracks blithe one-liners; and he even has a gentle swing at his rival with a bit of dialogue about the "Schwarzenegger Presidential Library." (It transpires that Big Arnie has recently run the White House.)

Erupting around our hero is the movie's take-no-prisoners futurist vision. Among the 21st century terrors to contemplate: the Taco Bell chain will run every restaurant (you have *to* have been to LA to realise the full horror of this); street payphones will allow you to "dial an ego-boost"; and smoking, drinking, meat-eating and sex will be banned except through the pretend thrills of Virtual Reality.

Oh, and under the sidewalks dwell the rebels of Cardboard City, munching rat-burgers, swilling beer and declaring war on political correctness. In a film that shamelessly casts a black man as baddie – give or take Mr Snipes's orange hair – no prizes for guessing on which side of the PC line dwell the film's own sympathies.

No prizes either for guessing who is sympathetic and who not in *Guilty As Sin*. Murder-suspected ladykiller Don Johnson, a walking thousand-dollar suit with a smirk on top, smarms his way into top lawyer Rebecca De Mornay's office and insists that she defend him. Did he defenestrate his now-dead wife? Probably. Will he throw De Mornay off the top of her career pinnacle? Probably. "This is the monster client syndrome every lawyer dreads!" gurgles our heroine to her (soon to be ex-)boyfriend Stephen Lang.

Director Sidney Lumet, once of *Twelve Angry Men*, is himself tottering atop his pinnacle at present. He last gave us *Close To Eden* in which Melanie Griffith, playing a hardnosed woman detective, met the monster miscasting syndrome. Lumet does a better job here with Griffith's spouse. But even an extra-oleaginous Johnson and a super-califragilistic Mornay – suggesting frailty along with with the hydraulic-hipped sex appeal – cannot help the director lift the contrivance-heavy script by Larry Cohen (late of *Q – The Winged Serpent*) into plausibility.

Also, where do these people live? Like *Demolition Man* – but at least that was a fantasy – *Guilty As Sin* has a case of runaway production design (Philip Rosenberg). Every flat looks like a white-scrubbed modern art gallery; every office seems to exist in a penthouse beyond the clouds. Perhaps it is a metaphor for the high living that comes before a fall. Or perhaps it is therapeutic wish-fulfilment for a movie town that lives with smog, earthquakes and forest fires.

It should make one warm to the honest, low-key period detail of Claude Miller's *L'Accompagnatrice* (The Accompanist). But low-key can be a synonym for dull. Here the tale of a beautiful Russian-French soprano (Elena Safonova), her timid young pianist (Romane Bohringer) and the refined battering their lives take in the political storms of the French Occupation never rises, in wit, perceptiveness or excitement, above middle C.

Theatre/Malcolm Rutherford

Han Ong's 'The LA Plays'

According to a programme note for the new play at the Almeida, there were 36 arrests of male prostitutes under the age of 18 in the city of Los Angeles last year.

I have been wondering what that figure means. Is 36 a lot or a little? Should there have been more arrests, fewer or none at all? Is it the age figure that is significant? What happened after the arrests and, while we are on the subject, what are the numbers for female prostitutes, and the changes over time?

On the basis of other figures in the programme, 36 seems rather small. The population of Los Angeles County grew by 50 per cent to just over 9 million between 1960 and 1990. There are 31,753 actors and directors living in LA, not including dancers, models, singers and game show hosts. Equity, the actors' union, has a membership of 9,000 in the Los Angeles area.

The conclusions from the statistics are not clear. On the other hand, Han Ong has the good sense to keep the figures off the stage. *The LA Plays* are an effective piece of theatre at least until about two-thirds of the way through. They tail off when they enter into a bout of repetitive four letter words, but before that there is much to entertain and to instruct. The quality of the acting and the direction is uniformly high throughout.

The difficulty, for the author as much as for the audience, is trying to determine what the piece is about. Three strands compete. One is what it is like to be an Asian-American; another is what happens if you are a male drug-pushing prostitute to boot; and the third is the special nature of Los Angeles in particular (the pursuit of stardom) and America in general – "a big country", as one of the characters says, "but a lonely place". There is also Aids. All of which is a lot to put into a piece of 21 short scenes lasting barely two hours including an interval.

To a European, not resident in Los Angeles, quite the most interesting aspect sociologically is the absence of blacks. Here are whites, Hispanics and Asians: no wonder the blacks in the city sometimes rebel.

The Asian 18-year-old, beautifully played by François Chau, and oddly called Greg, is universally described as "smart". He is frequently asked by Caucasians about his ethnic origins – American Indian, Japanese, Chinese or what? (In fact, his family is from Taiwan.) All that he takes in his stride. He does not seem to have any doubt that American is what he has become, but he prefers to use his smartness on homosexual affairs, a bit of travel to New Mexico, while making enough money from peddling drugs and hiring himself out. He is rather a striking, attractive figure even when the inevitable Aids sets in.

Other characters stand out less, though I greatly admired the performance of Ramon Tikaram as Greg's friend, Nicholas. Ong says his play is as much about geography as about people, and one can see what he means. A young white arrives in LA from Iowa, and seems more out of place than Greg from Taiwan: he, too, takes to male prostitution, but tends to call his clients "sir".

For the most part, this is a haunting production with some very terse dialogue. It is directed by Matthew Lloyd and cleverly designed by Julian McGowan.

Almeida Theatre. (071) 359 4404

François Chau and Stefan Bednarczyk

Alastair Muir

INTERNATIONAL ARTS GUIDE

■ ATHENS

Megaron Tonight, tomorrow: Alexandros Myrat conducts La Camerata in works by Janacek, Schnittke, Bach and Honegger. Tomorrow: Rudra Béjart Lausanne opens a week of performances, including world premiere of Béjart choreography to music by Manos Hadjidakis. Nov 27, 28: Nikolaus Harnoncourt conducts Chamber Orchestra of Europe, with Gidon Kremer (01-728 2333/01-722 5511)

■ BARCELONA

Gran Teatre del Liceu Tomorrow: Uwe Mund conducts Orchestra of the Liceu in works by Richard Strauss. Sat: final performance of Giordano's Fedora, with Mirella Freni. Next Mon, Tues, Wed: National Ballet of Spain (tel 412 3532 fax 412 1198)

■ BUDAPEST

The Hungarian State Symphony Orchestra celebrates its 70th anniversary next Thurs with a concert at the Academy of Music conducted by Ken-Ichiro Kobayashi, featuring music by Liszt, Kodaly and Berlioz. Kobayashi also conducts a Beethoven programme tonight, Sun and next Tues. Repertory at the State Opera consists of Prokofiev's ballet Romeo and Juliet, Fidelio, Don Pasquale and I Lombardi. The Erkel Theatre has Hungarian-language performances of Rigoletto, Die Fledermaus, Il barbiere di Siviglia and Madama Butterfly, plus Erkel's historical opera Bank ban and Delibes' ballet Coppelia. Pre-booking for concerts at the National Philharmonic Booking Office (Vörösmarty ter 1) and for opera at the Central Theatre Booking Office (Andrassy ut 18) and theatre box offices.

■ FLORENCE

Teatro Communale+ Tomorrow, Sat, Sun: Gustav Kuhn conducts Bruckner's Fifth Symphony. Next week's concerts are conducted by Carlo Maria Giulini (055-277 9236)

■ LONDON

THEATRE

● Angels in America: the first complete showing in Britain of Tony Kushner's two-part epic. The second half, Perestroika, receives its British premiere in a production at the Cottesloe directed by Declan Donnellan, running in tandem with Millenium Approaches. Previews begin tomorrow, opens Nov 20 (National 071-928 2252)

● Hamlet: English Touring Theatre's production of the Shakespeare play, with a cast led by Alan Cumming and Eleanor Bron, directed by Stephen Unwin. Opens tonight (Donmar Warehouse 071-867 1150)

● One Man: three one-man plays written and performed by Steven Berkoff, a hit at the 1993 Edinburgh fringe. Now in previews, opens Mon (Garrick 071-494 5085)

● Medea: Diana Rigg repeats her award-winning performance as Euripides' tragic heroine (Wyndham's 071-867 1116)

● Moonlight: Harold Pinter's first full-length play for 15 years, in the Almeida production starring Ian Holm and Anna Massey (Comedy 071-867 1045)

● Relative Values: Noel Coward's comedy in the acclaimed Chichester Festival production directed by Tim Luscombe, a cast of Coward specialists led by Susan Hampshire and Alison Fiske (Savoy 071-836 8888)

● Arcadia: Felicity Kendall and Emma Fielding in Tom Stoppard's multi-layered comedy, in repertory till Nov 24 at the Lyttelton with Machinal, Sophie Treadwell's 1928 classic of the American avant-garde, starring Fiona Shaw (National 071-928 2252)

● An Inspector Calls: Stephen Daldry's landmark production of J.B. Priestley's psychological thriller (Aldwych 071-836 6404)

OPERA/DANCE

Guildhall School Theatre Tonight, Sat, next Mon and Wed: David Lloyd-Jones conducts British premiere of Massenet's Grisélidis, staged by Caroline Gawn and designed by Aldona Cunningham (071-638 8891)

Covent Garden The Royal Opera gives final performances of Yevgeny Onegin tonight (with Dmitri Hvorostovsky and Catherine Malfitano) and Meistersinger on Sat (with John Tomlinson and Thomas Allen). Repertory for the rest of the month is devoted to a restaging of Martin Duncan's Scottish Opera production of Die Zauberflöte, conducted by Andrew Parrott, opening on Mon with a cast including Amanda Roocroft, Sumi Jo, Peter Coleman-Wright and Robert Lloyd. The Royal Ballet has MacMillan's Romeo and Juliet, a double-bill pairing Balanchine's Ballet Imperial and Ashton's Tales of Beatrix Potter, and a mixed bill including MacMillan's Different Drummer and Forsythe's Herman Schmerman (071-240 1066)

Coliseum English National Opera's repertory over the next week consists of Le nozze di Figaro and Il barbiere di Siviglia. A new production of Lohengrin opens on Nov 20 (071-836 3161)

CONCERTS

South Bank Centre Tonight: Laszlo Heltay conducts Royal Choral Society and RPO in works by Gounod and Fauré. Tomorrow: James Blair conducts YMSO in Mahler's Seventh Symphony. Sat: Richard Hickox conducts City of London Sinfonia in works by Pärt, Schnittke and Tavener. Sun: Jessye Norman song recital. Tues (RFH): Libor Pesek conducts RPO in Weber, Schumann and Beethoven, with piano soloist Ivan Moravec. Tues (QEH): Sian Edwards conducts Docklands Sinfonietta in Takemitsu, Beethoven and Stravinsky, with violin soloist Thomas Zehetmair. Wed, Thurs: Bernard Haitink conducts LPO in Mozart and Shostakovich, with piano soloist Emanuel Ax. Nov 21: Sviatoslav Richter (071-928 8800)

Barbican Tonight: André Previn conducts LSO in works by Prokofiev and Elgar, with piano soloist John Browning. Tomorrow: Jean-Claude Casadesus conducts Orchestre National de Lille and Pro Musica Chorus of London in Haydn's The Creation. Sat: Igor Oistrakh is violin soloist with ECO. Mon, Tues, Wed: St Petersburg Philharmonic plays works by Rakhmaninov, Stravinsky, Prokofiev and Sibelius, conducted by Yuri Temirkanov (Mon, Tues) and Mariss Jansons (Wed). Nov 18, 21, 25: Kent Nagano conducts LSO. Nov 22: Harnoncourt conducts COE. Nov 23: Sviatoslav Richter (071-638 8891)

■ MILAN

Teatro alla Scala Tonight, tomorrow: Georges Prêtre conducts orchestral works by Debussy, Stravinsky and Brahms. Mon: Orchestra Filarmonica della Scala. Nov 21: Nicolai Gedda song recital. Nov 22: Mirella Freni. Dec 7: opening of 1993-94 opera season with La Vestale (02-7200 3744)

■ MADRID

Teatro Lirico La Zarzuela Tonight, tomorrow, Sat, Sun: Ballet Flamenco. Nov 18-20: Compagnie Angelin Preljocaj (01-

Auditorio Nacional de Musica Tonight: Andres Segovia Orchestra plays works by Martinez, Mozart, Halffter and Mendelssohn. Tomorrow, Sat, Sun: Victor Pablo Perez conducts Spanish National Orchestra in works by Anton Garcia Abril. Next Tues and Wed: final recitals in Lindsay Quartet's Beethoven cycle (01-337 0100)

■ ROME

Teatro Olimpico Tonight: Andreas Schmidt, accompanied by Rudolf Jansen, sings Lieder by Schubert and Schumann on texts by Heine. Next Thurs: I Virtuosi di Roma. Nov 23: Momix Dance Theatre. Dec 2: John Eliot Gardiner conducts Monteverdi (06-320 1752)

■ TURIN

Teatro Regio The opening production of the season is Bellini's Capuleti e Montecchi, conducted by Bruno Campanella and staged by Giorgio Marini, with double casts including Mariella Devia and Martine Dupy. Daily except tomorrow and Mon till Nov 21 (011-881 5214)

■ VENICE

Teatro La Fenice Tomorrow: Christian Thielemann conducts final performance of Giulio Chazalettes' production of Der Rosenkavalier, with Felicity Lott, Anne Sofie von Otter and Artur Korn. Nov 20, 23, 25, 28, 30, Dec 2:

ARTS GUIDE

Monday: Berlin, New York and Paris.
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Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Left behind in Latin America

BOOK REVIEW

For 30 years until the fall of the Berlin Wall in 1989, the left in Latin America was transfixed by Fidel Castro's Cuban revolution. Now the Soviet regime that subsidised him is history and Castro looks like an old Latin *caudillo* clinging desperately to power.

Since the end of the cold war it has been the rightwing advocates of market-oriented reforms, and not the left, that have been offering change in Latin America. Governments across the region have been squeezing the size of the state, deregulating and opening up protected markets to foreign competition.

For many on the left, these policies have failed to stimulate sustainable growth. Worse, they have widened divisions between rich and poor. But what is the left's alternative?

This is the question the leftwing Mexican academic, Jorge Castañeda, addresses in *Utopia Unarmed*. He says revolution – except for extreme groups such as Peru's Shining Path – is no longer on the left's agenda.

Indeed, in contrast with its past equivocation, the left as envisaged by Castañeda views representative democracy and human rights as priorities. Democracy requires more than elections, however. What is needed is reform of existing democratic institutions, including increasing accountability, and a fair judicial system.

The left in the 1990s must continue to be nationalistic, he says, in part because the process of nation-building is incomplete. But its nationalism must take a new shape. The left should recognise that developments in the global economy constrain this nationalism. It should reject foreign interference in domestic issues, such as narcotics policy. However, the left should embrace the notion that international influence on other issues – human rights, the environment, fair elections – can enhance nationalist objectives.

The left should build alliances with groups in the west – to seek, for example, to influence US policy on specific issues. Castañeda and others of the Mexican left have already begun the process, co-operating with labour groups in the US to oppose the North American Free Trade Agreement between Mexico, the US and Canada.

Within the nation, governments should decentralise power to regions. Outside, they should seek regional economic integration, but only among equals. This rules out Nafta, but includes accords among developing countries.

In the Castañeda vision, state ownership is no longer an end in itself, but he still advocates a central role for the state in the economy. He accepts market capitalism – but not the Anglo-Saxon variety. Instead, he looks to continental Europe and its system of social welfare, and to the Far East for its model of industrial policy and export-led growth.

UTOPIA UNARMED: THE LATIN AMERICAN LEFT AFTER THE COLD WAR
By Jorge G. Castañeda
Knopf $27.50

Castañeda, however, fails to resolve some crucial problems for the left. How much of the free-market agenda would left-leaning governments have to adopt not to scare off investment? Though he calls this a false dilemma, he agrees that "the business community in most of Latin America has a choice today . . . when faced with the unpleasant prospect of a reformist government – pack up and go elsewhere".

Castañeda fails to pursue some of the more interesting ideas from the right that could have an impact on poverty. For example, giving people in Latin America's slums legal title to their homes – currently owned by nobody – could alleviate the plight of the urban poor.

His vision may ultimately be unworkable. But if the left does shape up in the way Castañeda suggests, it would end up embracing many of the social democratic traditions of west Europe. That can only be good news for Latin America's still shaky democracies.

Stephen Fidler

ECONOMIC VIEWPOINT

Why we cannot just 'go it alone'

By Samuel Brittan

My articles attempting to persuade people that there is more danger of deficient than of excess demand have contained one deliberate omission. They have not called for slashing reductions in interest rates, irrespective of what other countries do, and irrespective of what happens to sterling.

Instead they have concentrated on the need for a change of priorities at the international level in both the "summit" Group of Seven countries and the European Community. As far as UK domestic policy is concerned, they have focused on the case against taking risks with the recovery by piling on net tax increases over and above the quite large imposts already left behind by the former chancellor, Norman Lamont, for implementation next year and beyond.

This emphasis has been there partly because the main sources of deficient demand are outside the UK – they are particularly to be found in continental Europe and Japan. There is an unnecessarily large gap between output and capacity in most places. But it is at least possible that in the UK the gap may be near to stabilising, while in other areas it is getting wider all the time.

Another reason for not joining the ultra-cheap money bandwagon is that its members exaggerate the extent to which an individual medium-sized country can "go it alone" in interest rate policy and ignore the consequences for the exchange rate.

Nothing could be more misleading than the belief of the Tory loony wing that the price of sterling is no more important than the price of tomatoes. While a big change in the price of tomatoes might at most lead to related changes in the prices of lettuce and cucumbers, the exchange rate is the main link between one country's price level and that of its trading partners. It is true that the 1992 British devaluation, following the departure from the ERM, had a smaller inflationary impact than many analysts expected and that the UK has since had a faster rate of growth than its European partners. But these events may have given a highly misleading impression of the scope for a single country to decide policy on purely domestic criteria.

The 1992 devaluation was a one-off event, taking place when downward pressures on inflation and activity were exceptionally severe worldwide. Indeed the governor of the Bank of England, Mr Eddie George, came to the conclusion that, at the original ERM entry parity, the UK "might have actually had falling prices". Instead the UK has had an underlying inflation rate of 3 per cent, which will show an upward blip in coming months, but which the Bank hopes will return to 3 per cent by 1995.

What applies to a single devaluation in exceptionally favourable circumstances would not apply to a policy of repeated depreciation. Even in the present depressed world economy, it will not be possible to absorb nearly as much of the effects of another devaluation in importers' margins, or in the margins of foreign goods competing with British ones in international trade, as it was last time round.

There is, moreover, a tendency to exaggerate the scope for purely national interest rate policies, even under a regime of flexible exchange rates. *Short-term* real interest rates are then indeed freer to vary between countries for temporary periods. But this is much less true of long-term real interest rates or even of average short-term ones over a period.

The fact is that, in a world of free capital markets, real long-term interest rates tend to converge. This is a more fundamental sense of "not being able to buck the market" than Lady Thatcher had in mind in her famous remark after she stopped her chancellor shadowing the D-Mark in 1988.

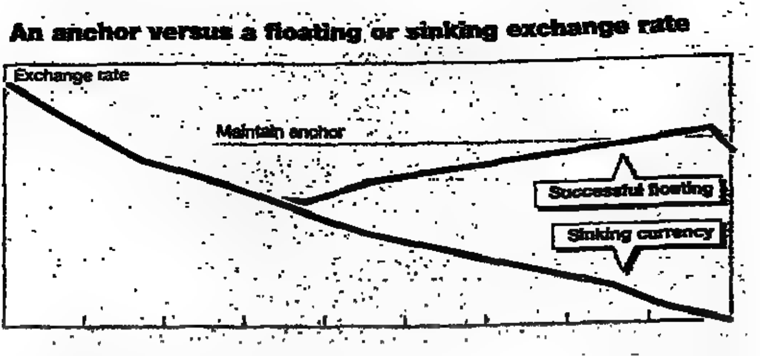
In a single free capital market, there will be one prevailing long-term real rate of interest. This long-term rate can be regarded as either the prevailing long bond rate or the expected average of short-term interest rates, appropriately discounted. These two measures must be consistent with each other; otherwise there would be easy profits to be made from moving from short to long-term fixed interest securities, or vice versa.

In practice, nominal bond rates in different countries are not, of course, identical. But an individual country's can differ from the going international rate – default risks apart – only by a currency premium or discount, reflecting the expected appreciation or depreciation of the currency against other main currencies.

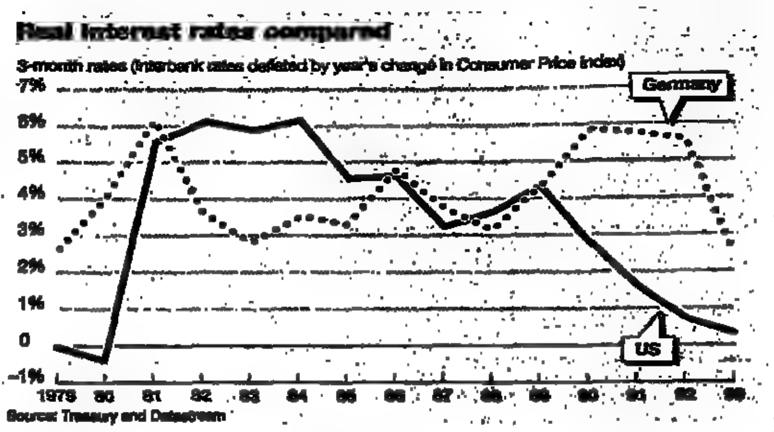
The fact is that, in a world of free capital markets, real long-term interest rates tend to converge

The expected movement of a currency will, over a sufficient period of years, in its turn mainly reflect expected inflation differentials. Thus, long-term interest rates in the UK can only be lower than those in Germany if the expected inflation rate is lower.

An anchor versus a floating or sinking exchange rate



Real interest rates compared



Source: Treasury and Datastream

This is clearly not the market's expectation. UK 10-year bonds yield nearly 1 percentage point more in the UK than in Germany, despite all the British base rate cuts. French bond yields have, however, virtually closed the gap with German ones.

It is true that US bond yields are about half a percentage point lower still – more likely reflecting market belief in a temporary undershooting of the dollar than that US inflation will fall behind that of France and Germany. The country where nominal bond rates are decisively below the international average is Japan – which reflects optimistic expectations both about yen appreciation and Japanese inflation.

What flexible exchange rates permit is *temporary* variations in either direction in *real short-term rates*. In some circumstances, this may be a valuable degree of freedom; but it is, of course, limited. For a country, such as the UK, trying to stabilise its currency after decades of inflation and depreciation, the choice is illustrated in the first chart. If it could carry out a successful domestic monetary policy, the result might look like the line marked "successful floating". There would be periods – say during domestic recession – when real short-term interest rates would be lower than elsewhere.

The official British desire to confine and limit the role of the European Monetary Institute is counterproductive

There would be other periods, say after a burst of credit liberalisation such as the UK experienced in the mid-1980s, when its rates would be higher. There would be corresponding fluctuations in the exchange rate; but over the long term there would be little trend one way or the other against the currency of a country with stable prices. Even if those in charge of monetary policy never looked at the exchange rate and only at domestic monetary variables, success in their policies would ensure that the exchange rate followed a horizontal trend, despite short-term variations on either side.

A flexible rate can thus provide no more than an opportunity for a temporary deviation from the international real interest rate norm. For instance American short-term real interest rates could be well below those of western Europe in 1992/93 because the dollar was regarded as depressed and likely to recover. This temporary deviation may have been useful, as was the UK move to lower short-term interest rates after September 1992. But there was no way either country could indefinitely run a programme of real interest rates below prevailing international levels. If you look at the gap between US and German real interest rates over the years, the differential went first one way and then the other, with a tendency to balance out over the years.

The risks of going it alone should now be pretty clear. For in the situation shown in the chart it would be terribly tempting for the UK – or another European country suffering from go-it-alone temptations – to let its exchange rate slide just that fatal bit too long (as in the mid-1980s). Its rulers are unlikely to know enough about monetary relationships to tighten up in time. But a consequence of delay in taking corrective action is that inflationary expectations become reinforced, and high costs entrenched. After that the transitional output and job costs of bringing the exchange rate up to the horizontal line will seem to be (and will be) too high. Thus there will be strong pressures to tread the path of inflation and depreciation shown by the diagonal line.

A more constructive, if at present unfashionable, route to a monetary policy for non-inflationary growth would be through resumed international co-operation. The most hopeful path is neither to go back to reconstructing the ERM and constructing Emu as if nothing had happened. Nor is it to build co-operation around inflation targets alone, as the Bank of England sometimes hints. A better path would be to have a concerted policy towards nominal demand, at least at a European level, and preferably taking in the G7 as well.

By far the best place to begin would be with the European Monetary Institute due to start in January in Frankfurt under Alexandre Lamfalussy. The official British desire to confine and limit the role of the Institute is narrow-minded and counterproductive. If Europe is to be less dependent on a single anchor country such as Germany – which is now less able to play that role – the EMI is its best bet, whether it develops into a European central bank or has to settle for something less glamorous but still playing a vital role.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Japanese nuclear policy increases UK's risk

From Mr William Walker.

Sir, For the first time, a Japanese official has acknowledged that, if Thorp operates, plutonium separated from Japanese fuel will have to be stored at Sellafield (Letters, November 8). While Mr K Kaneko of the Federation of Electric Power Companies of Japan says that it will not remain there "forever", he knows that Japanese objectives cannot now be met without long-term storage at Sellafield.

If current contracts are honoured, around 35 tonnes of fissile plutonium will be separated from Japanese fuels by British and French reprocessors. Japan is also constructing its own reprocessing plant at Rokkasho-mura which is expected to produce a further 50 tonnes in the 10 years after it opens in 2001. Add another 5 tonnes from the existing Tokaimura plant and one arrives at a supply of about 90 tonnes by the year 2010.

The trouble for Japan is that its consumption of plutonium cannot approach this figure. The fast reactor programme that was to have absorbed most of the plutonium has been much delayed, and plans for using the material in conventional reactors are still in their infancy. A surplus of more than 20 tonnes by 2000, and 40 tonnes by 2010, is now probable if reprocessing plans are implemented.

The Japanese government has recently reaffirmed its "no stockpiling" policy. The great great political sensitivity in east Asia about plutonium has led the Japanese government to declare that only a "running stock" sufficient for current needs will be held on Japanese territory.

The implication is that any surplus will have to remain in Europe until well into the next century. This will be true even if plutonium recycling expands after 2000, since priority will then have to be given to using the plutonium separated at Rokkasho-mura. Otherwise, stockpiling in Japan will be unavoidable.

If Thorp operates, large tonnages of Japanese separated plutonium will therefore have to be held in store at Sellafield. Along with the British plutonium for which there is no use, and the German plutonium which is also likely to remain here, the surplus stock at Sellafield will exceed 100 tonnes soon after the year 2000.

Reprocessing is now the most expensive and risky storage policy imaginable. Instead of leaving the plutonium and radioactive wastes safely stored in spent fuel, they are separated out just to be stored again. How can the government consent to this?

William Walker,
director of research,
Science Policy Research Unit,
Mantell Building,
University of Sussex,
Falmer,
Brighton BN1 9RF

BSI sought 'new breed' of executive

From Dr M D Sanderson.

Sir, Mr Macdonald's letter (November 4) referring to my comments on the proposed changes to the British Standards Institution Royal Charter and their relevance to the recommendations of the Cadbury committee misses the point.

The Cadbury committee took special care to define clearly the respective responsibilities of executive and non-executive directors.

The proposed BSI Royal Charter changes sought to create a new species of corporate animal, the "executive non-executive". Apparently, members of this new species would have the power under the proposed changes to reward themselves financially for services rendered without the normal checks and balances.

These changes were outstandingly rejected by the subscribing membership of the BSI, representing a cross-section of British industry, at the BSI annual general meeting.

Mr Macdonald may have been a member of the Cadbury committee, but perhaps he should have listened and understood more carefully.

M D Sanderson,
chief executive to June 1993,
BSI,
31 Murray Mews,
London NW1 9RH

No order to seize Brazilian mahogany

From Mr Herman Schey.

Sir, The article "Judge orders seizure of UK-bound mahogany" (October 29), by Oliver Tickell, is misleading and inaccurate.

We are concerned that your readers, who include many of our suppliers, customers, bankers and professional advisers, may now be under the impression that we have been involved in an illegal shipment of mahogany from Brazil.

At the time of your article, Tradelink had no "shipload of mahogany half way across the Atlantic". No Brazilian judge ordered "the immediate seizure" of this shipload, nor had he ordered "the sequestration of thousands of cubic metres of mahogany belonging to C&C".

The last shipment we made from C&C was loaded on October 8 and had already arrived and been distributed in the UK. It was exported from Brazil with the usual valid export licence and necessary export documentation. In terms of The Timber Trade Federation guidelines for shipments from a non-AIMEX supplier like C&C, we took the additional precaution of insisting on Brazilian certificates of origin guaranteeing that the mahogany did not come from Indian reserves.

The information we have about C&C regarding the judge's ruling on October 18 is that IBAMA, Brazil's environment protection agency, accused C&C of obtaining a mahogany export quota on the basis of false information. The Brazilian judge ruled that all mahogany exports by C&C from Brazilian territory should be halted. He also suspended its mahogany quota and gave C&C five days to respond to the allegations. C&C responded on October 21, vigorously contesting all the allegations made against it, and the matter is still in the hands of the Brazilian courts. In the meantime, C&C continues its business in other species because its export licence has not be revoked. We have suspended our mahogany purchases from C&C effective October 19 and will review our policy towards it after clarification of its legal position. We do not wish to be seen as fighting for or defending C&C's legal position as this is a matter for the Brazilian authorities. We fully support TTF and its efforts to ensure that mahogany is derived from legal sources. We will take no part in illegally sourced timber from anywhere in the world and always attempt to obtain supplies from well-managed forests.

H P Schey,
managing director,
Tradelink Wood Products,
Tradelink House,
25 Beethoven Street,
London W10 4LG

Editor's note: We understand that this report was based on a mistranslation of the judge's ruling, which contained no order to seize wood destined for Tradelink. We regret this error and apologise for any inconvenience it may have caused.

Commission could halve anti-dumping unit

From Professor Roland Vaubel.

Sir, If Sir Leon Brittan, the European Commission's trade commissioner, wants to double the staff of his anti-dumping unit he ought to be told that predatory dumping presupposes a dominant market share ("Brittan wants larger anti-dumping unit", November 4). If the Commission confined itself to those cases in which a foreign supplier or a cartel of foreign suppliers has acquired a dominant market share in the Community, it could cut its anti-dumping unit by more than one half.

The condition of a dominant market share is well established in EC competition policy. It would also be consistent with the EC anti-dumping regulation. Competition and anti-dumping policy would at least be integrated.

Roland Vaubel,
department of economics,
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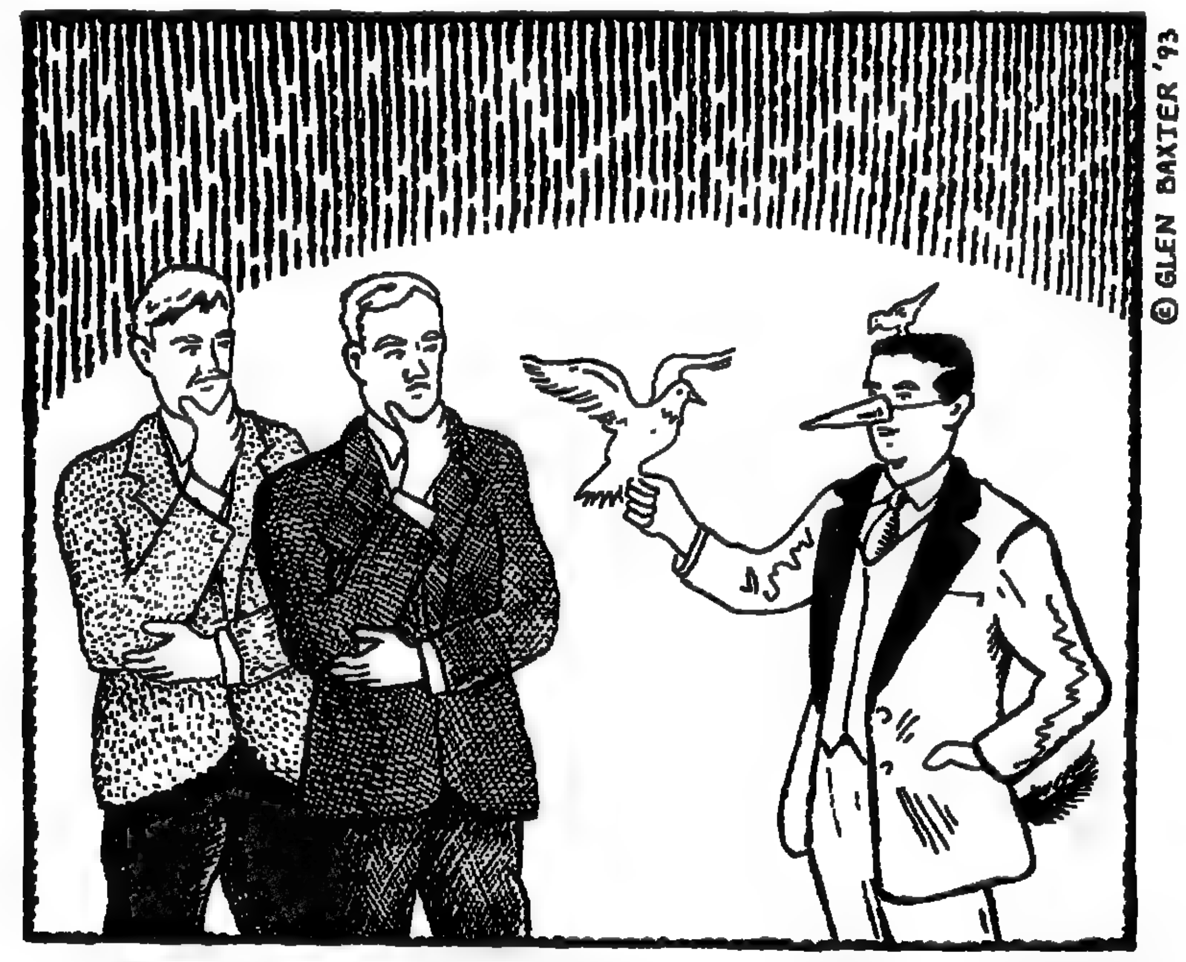


FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Thursday November 11 1993

Europe by any other name

JONATHAN SWIFT would have been richly diverted by the contortions western European governments are performing over how they should christen the 12-nation grouping just reborn under the Maastricht treaty. Just as in Gulliver's Travels the rulers of Lilliput and Blefuscu fought for decades over whether they should crack their eggs at the big end or the little end, the leaders of late-1993 Europe are spreading confusion over the small matter of a name for their remodelled organisation. Is it still the European Community – grown from the 1957 Treaty of Rome and responsible for 35 years of deepening economic and political integration? Or is it something new, with ambitions that sound grander and vaguer – the European Union?

The legalistic answer is that it is both. Maastricht created a hybrid in which the old European Community coexists with a new framework for co-operation between its individual sovereign governments, within the European Union. When its members discuss matters that fall within the parameters of the Treaty of Rome, such as trade, they are the EC. When they talk about new areas of co-operation under Maastricht – foreign and security policy, justice and home affairs – they are the EU.

Confused? You are not alone. Even the organisation's own foreign ministers have already found difficulty in following this fine distinction to the letter. Deciding when they should switch EC hats for EU ones in the Council of Ministers this week looked like becoming the diplomatic equivalent of determining how many angels can dance on the head of a pin. Small wonder that they decided to rename themselves the Council of the European Union, regardless of whether they are discussing EC or EU business.

In doing so, they (like Maastricht) papered over fundamental disagreements between governments concerning the nature of their enterprise. "Federalist" ministers could go away crowing that the cause of Union had been advanced by one glorious centimetre, even though the EU enjoys no "legal personality". Sceptics such as Britain could protest that they had not budged one inch from their insistence on co-operation case by case.

That still leaves the problem of what mere mortals are to make of it all. To listen to the British government sometimes, you would think it was still more appropriate to call the EC/U the Common Market, when it has long since been something substantially more than that. The Euro-priests, on the other hand, invest the nomenclature itself with almost mystical powers, as if to think Union means that it is.

This newspaper has no easy answer to the conundrum, but in order not to sow daily confusion, we have to choose. As the opening words of the treaty state: "The high contracting parties establish among themselves a European Union, hereinafter called 'the Union'." The FT will take the union's heads of state at their word: European Union it is.

Rescue culture

ONE OF the consequences of monetary mismanagement in Britain is that the potential equivalent of Germany's Mittelstand – the powerful small to medium-sized business sector – is invariably throttled whenever the economy takes an excessive downward lurch. The process is made worse by insolvency procedures that often give senior creditors little incentive to keep troubled companies in business. While the 1986 Insolvency Act sought to bring more flexibility to the process through company voluntary arrangements and company administration orders, these have been under-used in the recession. A new attempt by the government's Insolvency Service to explain this failure is thus welcome; and its proposed solutions appear well-judged.

Insolvency practitioners have long argued that the problem with company voluntary arrangements, which were designed to help the smaller companies that account for the great majority of insolvencies, is that a company has no protection from creditors once it has informed them of the need for negotiations. A breathing space is clearly needed and the Insolvency Service's report proposes a 28-day moratorium, binding on all creditors. This would take effect immediately a notice of a prospective voluntary arrangement had been filed and would be supervised by a nominee who would be a member of a regulated profession. The report goes on to recommend some changes in the rules for company administration orders, designed to remove some of the more forbidding obstacles to this form of attempted resuscitation.

More radical ideas come in the form of requests for comment rather than specific proposals. The difficulty of obtaining funding in the course of a corporate rescue is addressed, for example, with the suggestion that super-priority over other creditors might be granted to the financier who advances money in the course of a company voluntary arrangement. The report also hints that the balance between the interests of secured and unsecured creditors may not be right, by asking whether the rights of those who have a floating charge over a business should be removed, allowing them to appoint an administrator only.

This goes to the heart of the problem of creating a rescue culture in Britain, because it implicitly addresses the clash of interests between different classes of creditor for whom the survival of the company as a going concern is a matter of varying importance. If the banks are to forfeit some of their existing rights as senior creditors, they will no doubt extract a price. There are also limits to what flexible insolvency laws can do if the directors approach their creditors too late. But a tilt in the balance of power between secured and unsecured creditors may be an essential step towards saving more good businesses from bad financial structures. The Insolvency Service deserves a positive response.

Cocom's future

No system of export controls can guarantee to stop countries with the will to establish large and sophisticated arms industries from carrying out that aim. Restricting supplies of technology to countries which the international community wishes to prevent from producing atomic, bacteriological or chemical weapons can, however, act as a considerable disincentive to such activities. During post-war decades the 17-nation Coordinating Committee on Multilateral Export Controls (Cocom) controlled access of western technology to the former Soviet bloc as a means of hampering its military capability. Four years after the Berlin wall fell, Cocom's membership and objectives need radical redefinition. The US and its allies are due shortly to conclude talks on creating a successor.

During the 1980s, Cocom restrictions were frequently the focus of commercial and ideological differences between the US and Europe. In a post-cold war world, policing flows of sensitive know-how and components has become still more difficult and controversial. However, a new Cocom which can reduce arms proliferation is in the interest of international stability.

There is no shortage of impediments. The east-west line which separated friend and foe into easily definable power blocs has disappeared. Underlined by the weapons programmes of countries like Iraq, Pakistan, Libya or North Korea, the list of suppliers and potential users of military technologies has grown longer and more diffuse. China - treated leniently by Cocom, and now a supplier of ever more sophisticated and deadly weaponry to the Third World - may prove impossible to bring into a new system.

For the west, however, the key aim of the new Cocom diplomacy is to persuade Russia and other ex-Soviet republics to participate in enforcing new arrangements. Otherwise, parts of their armaments capabilities will increasingly migrate to other still more unstable regions. The US hopes that relaxing remaining restrictions on exports to the former Soviet Union will persuade erstwhile Cocom poachers to become gamekeepers. But the west will need to provide former Soviet republics with more help to improve controls of porous borders.

The Cocom system has already undergone change. Contacts between governments on regulating exports with uses in nuclear and chemical weapons and ballistic missiles include links with both Russia and China. The new Cocom organisation can achieve better coordination by pinpointing which countries are deemed as threats in particular sectors. The technologies subject to embargo will need to be limited as tightly as possible to those with clear-cut applications in weapons of mass destruction. Export controls are an essentially defensive method of combating proliferation. They should not be used to impede the economies of countries of which the west disapproves.

Nafta will not solve the deep-seated structural problems facing the Mexican economy, says **Damian Fraser**

No such thing as a free treaty

Two months ago, the Cummins Engine company closed down an assembly line in its Mexican subsidiary. With output of the assembled truck engine one tenth of that in its US factory in Columbus, Indiana, Cummins Mexico could not compete against its US parent, and production was moved north.

Since Mexico tore down trade barriers in the mid-1980s, Cummins' subsidiary in Mexico has seen a trade balance in engines with the US turn into a trade deficit of four to one. The company now produces only one heavy engine in Mexico – even this might go when the country's remaining trade barriers are dismantled, says Mr Steve Knaebel, president of of the Mexican subsidiary.

US critics of the North American Free Trade Agreement, to be voted on by the House of Representatives next Wednesday, say the treaty will encourage US companies to move to Mexico in search of cheap labour. But as the Cummins' case shows, Mexico's low productivity makes large parts of its economy vulnerable to competition from the US.

"The US is already competing against countries which have much lower wages than Mexico, while many parts of Mexico's economy are still heavily protected," says Daniel Oks, a World Bank economist. "I am not convinced Mexico is well prepared for competition." He foresees bankruptcies and job losses in sectors that cannot hold their own with US rivals – capital goods, for instance – if Nafta passes.

This gloomy view has gained ground as Mexico's economy has stagnated. Gross domestic product grew by just 1.3 per cent in the first half this year, and 23 of the 49 manufacturing sectors tracked by the Inegi, the government statistics institute, were in recession. Even though the economy is sluggish, Mexico is set to run a worryingly high current account deficit of 6 per cent of GDP this year.

Some Mexican businessmen, who until recently have been almost unanimous in their support for Nafta, have begun to see the treaty's disadvantages. Lorenzo Servitje, a prominent businessman and the billionaire president of Bimbo, Mexico's bread maker, complained at a business conference in Cancun that Mexico's abrupt trade liberalisation "has not taken into consideration that restructuring must be a gradual process, and has failed to appreciate the limitations of our economic structure".

Under Nafta, Mexico would sacrifice its high protective tariffs, which average about 10.3 per cent, but which rise higher on some goods. The average US tariff on Mexican goods is just 4.5 per cent.

More significantly, Mexico would open up to free trade and investment certain sectors that have been fully or partially protected from competition for decades – cars and car parts, banks, agriculture, and government procurement, among others. The US economy, bar a few minor exceptions, is open to Mexican imports and investment.

US critics of the treaty claim Mexico has one significant advantage: low wages. But wages are not as low as some argue, and in dollar terms have been growing faster than productivity. While Mexico's minimum wage is $4.20 a day, only 16 per cent of workers earn this amount. Average pay plus benefits in manufacturing is $4.50 an hour, according to government figures.

The World Bank has calculated that labour costs in Mexico are about a fifth of those in the US, but that productivity is about a quarter of the US level. Since last year, when the figures were calculated, Mexico's peso has appreciated in real terms. Mr Oks of the World Bank says he doubts that there is any average cost advantage to doing business in Mexico compared to the US.

The Mexican government under President Carlos Salinas has pushed strongly for Nafta in the belief that free trade and the new foreign investment drawn by the treaty will raise low productivity levels. New investment and greater efficiency is expected by many economists to be a product of the treaty.

"Nafta will reinforce reforms and boost foreign confidence in the Mexican economy. Mexico should continue to be able to attract $20bn of foreign investment a year without problems," says Mr Jeffrey Schott, a fellow at the Institute for International Economics in Washington. "A defeat would lead to a cut in those flows."

Many foreign investors in Mexico's stock and money markets have been betting on Nafta. By noon yesterday, the market was up 4.2 per cent on the day, stimulated by renewed optimism over the treaty. But earlier signs that it might be rejected by the US Congress had sent the peso tumbling by almost 4 per cent on Tuesday, thus threatening the government's policy of a strong exchange rate and price stability.

Even if Nafta does spur new investment, as many supporters predict, it is unlikely to be evenly spread. Some sectors – cars, parts of the textiles industry, fruit and vegetables, glass – whose productivity levels compare favourably with those in the US – are likely to prove attractive to foreign investors, but others – basic grains such as corn and wheat – are not because they are inefficient and unmodernised.

Mexico's biggest competitive disadvantage is the relatively small size of its industrial operations compared with those in the US. Like Cummins, many US companies built factories in Mexico to avoid high tariffs or other trade barriers. But with tariffs on the verge of falling further, some companies have found it makes more sense to export spare capacity from the US rather than to maintain costly plant south of the border.

For instance, General Motors announced this year that it was going to move production of the Cavalier car in northern Mexico to Lansing, Michigan, where economies of scale have made costs lower. Quality Coils, a US company that makes electro-magnetic coils, decided in April to move its factory from Ciudad Juarez to Connecticut after it found Mexico's low wages did not offset lower productivity.

A further obstacle to Mexican productivity and thus its ability to capitalise on Nafta is its crumbling infrastructure, lack of qualified managers, and untrained workers. "Its not as simple as wages being one-fifth of those in the US – let's go to Mexico," says Mr Joseph Donahue, senior vice-president of the US subsidiary of Thomson, the French electronics company. "You have to ask, 'Can I buy the tools, where are the managers, what are transport costs, and other things?' "

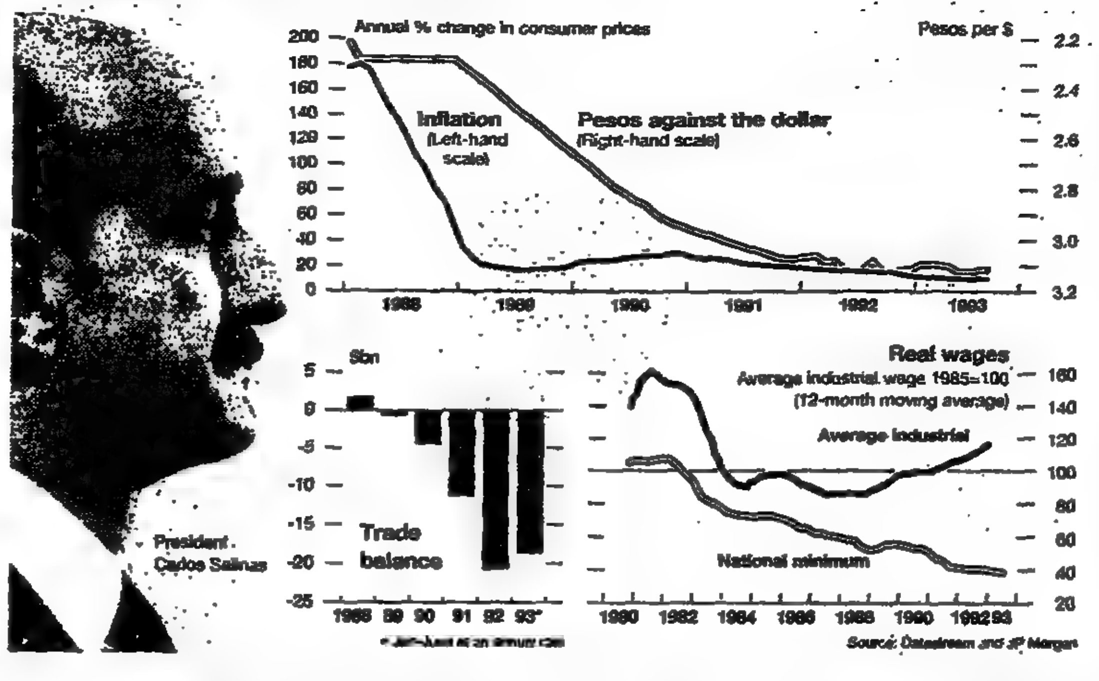
Mr Donahue says it is hard to find a good manager in Mexico, and when you do, "he will have 10 job offers". Mr Knaebel, of Cummins, points to truck journeys that take 40-60 per cent longer in Mexico than in the US as a disincentive to foreign investors.

While Mexico is building new private toll roads, the cost of the tolls for many businesses is prohibitive. These and other impediments to business – notably high credit costs and an unreliable legal system – may explain why the country has had only limited success in attracting direct foreign investment since liberalising investment regulations in 1989. Since then, Mexico has received a total of $33.1bn in new investment, but only about half of that has been direct investment in plant and machinery. Much of it has been in the service rather than the export sector.

President Salinas proposed Nafta in 1990 to draw foreign money into the country. If the treaty fails, his government will have little choice but to proceed with economic reforms in the faint hope that Mexico will draw the necessary investment from Europe and Japan. The government plans to apply for membership of the Organisation for Economic Development and Co-operation next spring, and is likely to approve a more liberal foreign investment law later this year.

Though the treaty may succeed in persuading US companies to invest in Mexico, competition will prove a nasty jolt for many industries. Deep-seated structural problems will remain, whether or not Nafta passes. Mr Jesus Reyes Heroles, an economist who heads the economic consultancy GEA, says: "If Nafta does not pass there will be a problem next year. If it does, the troubles start in 1995."

Mexico: up against the dollar



Source: Datastream and JP Morgan

Big guns come to town

John Willman on England's relaunched urban renewal agency

The launch of the government's urban regeneration agency yesterday under the new name of English Partnerships provides an answer to a puzzle that has been taxing businesses and agencies involved in inner-city regeneration.

Which of two contrasting views of its role would prevail? On the one hand, there are the well-known views of Mr Michael Heseltine, who as environment secretary proposed the new agency before the 1992 general election. He had long campaigned for an interventionist English development agency, modelled on similar organisations in Wales and Scotland, which used public money to attract investment into areas of economic decline.

Or there was the much more limited role seen for the agency when the less interventionist Mr Michael Howard replaced Mr Heseltine at the environment department. The new orthodoxy tended to describe the agency as "an urban development corporation on wheels".

Under this much more limited remit, the agency would concentrate on clearing derelict land and putting in infrastructure in urban areas that had not so far been considered important enough to have a UDC of their own.

The picture had been muddied, however, by the appointment of Lord Walker, the former cabinet minister, as chairman of the new agency. As secretary of state for Wales between 1987 and 1990, he had converted his job into a high-profile, one-man inward investment agency. Appointed by Mr Heseltine, Lord Walker looked increasingly uncomfortable in the more constrained role envisaged for him by his new political masters.

Yesterday's launch showed that it is the vision of Lord Walker and Mr Heseltine that has prevailed. English Partnerships will be more of a development agency than a body devoted to clearing contaminated inner-city sites.

Even the choice of title – dropping the "urban" and assuming responsibility for the whole of England – indicates that the balance of argument has swung back to those who see a far-reaching role for the new organisation.

Lord Walker is clear that he is as much interested in winning inward investment as in clearing derelict land. "Inward investment has transformed the British economy in some sectors," he told the FT in an interview yesterday. "My view is that in the next five years, there is going to be the biggest flow of inward investment into Europe ever seen, and this agency can make a contribution to ensuring that a share of that comes to the UK."

Lord Walker also makes clear his desire to work closely with local authorities of all political complexions, after a period in which much Whitehall spending has been directed through local quangos to bypass councils. "Local authority co-operation is very important to us, and we will want to have a good relationship with them. That will make it easier to get things done quickly and more effectively."

Ministers were unwilling at yesterday's launch of English Partnerships to disclose its funding for next year. With the urban programme already cut from £1.7bn this year to £1.4bn next year, there is keen interest in knowing whether the new quango will start under straitened circumstances.

Lord Walker is less coy, saying that he expects the total – to be announced in the unified Budget at the end of the month – to be between £250m and £300m. If that is so, English Partnerships will have much the same to spend next year as this.

And Lord Walker says that he is quite content with what he has so far been offered. "It is plenty for year one. I will be able to assess what the need is and then go to the government and say what I think is a sensible figure for the next three years. There will be arguments over the amount of money, but I will be able to say that it will produce this level of economic activity and that it is in the Treasury's interest to put that amount of money in."

A strong card in Lord Walker's hand in such negotiations will be the amount of private investment English Partnerships succeeds in levering in, or attracting, with its budget. "Some projects involving the clearance of land will produce no such additional investment," he says. "But in others, I expect public investment to lever in up to nine times as much private investment."

None of this will happen quickly – and Lord Walker is anxious that English Partnerships' success is not judged too soon. "There will be no impact on regeneration next week or the week after," he says. "But I expect to see a real impact after three or four years."

Walker: his vision has prevailed

OBSERVER

Lawrence's stock in trade

■ Perhaps it is just a coincidence, but Michael Lawrence, the new chief executive of the London Stock Exchange, has followed the same sort of career path as his luckless predecessor, Peter Rawlins.

Both have spent the bulk of their careers in big accountancy firms and tested their business skills in the insurance industry. Rawlins, ex-Arthur Andersen, came from insurance broking and Lawrence, ex-Price Waterhouse, was hired by the Prudential as its first finance director as recently as 1988.

However, there the similarities end. Lawrence is a good deal older, and hopefully wiser, than the abrasive Rawlins and has first-hand knowledge of the problems of the stock exchange's customers. He was an outspoken critic of the stock exchange's Taurus settlement fiasco. His connections as chairman of the 100 group of top finance directors also mean that he will be listened to in boardrooms that matter.

That said, it is unusual for an accountant cum insurance man to take such a risk with his career. After all, there could be very little left of the stock exchange in three years, whereas if he stayed at the Pru he might have been in the running to succeed Mick Newmarch as group chief executive.

Perhaps he decided that the Pru would never appoint two non-actuaries in a row to the top job there.

Lingua obscura

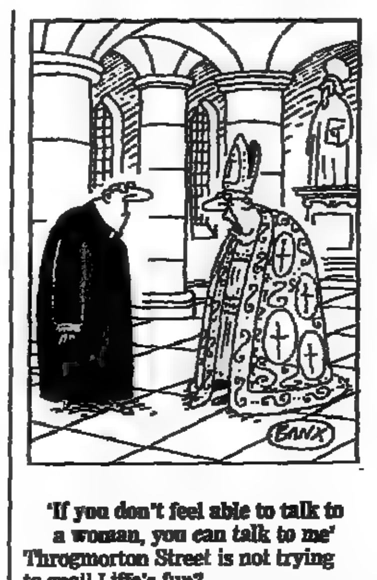
■ Hard to believe that Unigate's chief executive, Ross Buckland, hails from Australia, supposedly the home of blunt, no-nonsense sorts. Talking about his company's half-year results yesterday, he admitted that one activity had "negatively impacted profitability".

Did this mean that it had made a loss, he was asked. "Yes," said Buckland, adding that he thought he "had worded it rather well . . .".

Jones keeps up

■ Why has the London Stock Exchange swallowed its reservations about the dangers of fragmentation, and allowed London's established derivatives exchange Liffe and the Swedish-owned tiddler OMLX to have a go at trading derivatives based on the FT-SE Mid 250 equity index?

Both exchanges had wanted an exclusive licence, and it had been more or less assumed that Liffe would win it. But a degree of mutual suspicion appears to persist between the stock exchange, on the one hand, and Liffe, which now trades the equity derivatives that the exchange itself failed to get off the ground, on the other. Surely



'If you don't feel able to talk to a woman, you can talk to me'

Throgmorton Street is not trying to spoil Liffe's fun?

OMLX boss Lynton Jones, himself an old stock exchange hand, is more interested in what potential customers will think. "The question is whether they are Pro-Liffe or Pro-Choice," he quips.

Battle-ready

■ The search is on for a new general secretary of the Society for Practitioners of Insolvency following the abrupt resignation of the incumbent after only nine months in the job. Indeed, Edward Lowndes has already left – not just the organisation but also the country, partly, it would seem, because he was fed up with the bitter rivalry between the society, which has become the public face of insolvency practitioners, and the rival Institute of Practitioners of Insolvency, which licenses them.

Clearly he prefers a more peaceful life. He has taken up a job as administrator to the United Nations peacekeeping forces in Sarajevo.

Currency juggling

■ Talent spotters at this Saturday's Lord Mayor's show in London might want to keep an eye open for exhibit number 20 – the Bank of England's horse-drawn float. The Bank, which does not normally participate in such frivolous events, is making an exception to mark its 300th birthday next year. Observer hears that the Bank's contribution to the festivities include dozens of staff who have been specially trained to juggle brightly coloured currency symbols. Would be much more fun if they were throwing away old £5 notes.

Main chance

■ China's public relations record in its future colony may be less than perfect, but Beijing's *de facto* embassy in Hong Kong, the Xinhua news agency, seems to think it can sell its services commercially.

For Xinhua is taking time off from flinging verbal mud at governor Chris Patten to set up a subsidiary PR agency, Fortune China.

Subtlety having not exactly been its strongest suit, the agency at least forbears from selling itself on the basis of its expertise. But a spokesman claims that "good credibility and connections [will] attract a swarm of overseas companies eager to exploit the huge mainland market".

Perhaps Patten should reveal his grasp of capitalism Hong Kong-style and follow suit. With his new-found expertise in crisis management he would definitely have services to sell, though his connections may have a more limited lifespan.

The No's have it

■ Full marks for trying. Retired bus driver Ken Clark, 79, has just conducted a telephone survey of fellow pensioners in Lewisham and found that 10 out of the 10 Ken Clark(e)s he contacted are against the government's plans to impose VAT on domestic fuel.

Lucky for Ken that Norman Lamont is no longer Britain's chancellor of the exchequer. As it is, he had to fiddle his figures a bit by counting all the Clarks, whether or not their surname was spelled the same way as the current chancellor.

But then even this government fiddles *its* figures from time to time.

FINANCIAL TIMES
Thursday November 11 1993

Serbian president shrugs off effects of 2,000 per cent monthly inflation

Milosevic puts gloss on grim news

By Laura Silber in Belgrade

"BUT who else?" is the brazen electoral slogan for the ruling Socialists of Serbian president Slobodan Milosevic, as 2,000 per cent a month inflation plunges Serbia into poverty.

Mr Milosevic last week boasted how "the Serbian economy, in spite of the draconian embargo, is faring even better than countries which receive economic aid".

But even Mr Milosevic's optimistic remarks can no longer mask the impoverishment of the country's 9.8m inhabitants.

While the Serbian president blames United Nations sanctions for economic collapse, the country's coffers have been emptied to pay for Serb armies in Bosnia and Croatia.

The monthly average wage has fallen below DM10 – which buys one kilo of meat. Serb officials claim that 70 per cent of economic activity is in the grey market, eluding tax collectors. Faced with a huge budget deficit, the cash-hungry government has flooded the market with dinars in order to boost hard currency reserves.

In the most recent effort to lure people into converting their dwindling hard currency savings, the government 10 days ago lifted a three-month ban on converting hard currency through giro accounts – at a premium rate of up to twice the black market rate. On Tuesday, however, the government devalued the dinar by 98.5 per cent and made giro payments illegal.

In the crucial run-up to parliamentary elections, set for December 19, the Socialists are keen to put a gloss on the grim economic picture.

They need to increase pensions and wages, decimated by inflation, and return basic staples to grocery store shelves.

Belgrade is also paying more than 1m workers sacked when their factories shut because of the break-up of the Yugoslav market and the sanctions.

The powerful state television will persuade Serbian citizens that there is no alternative to the Socialist party: a pitch borne out by the failure of the quarrelsome and disorganised opposition to pose a coherent challenge.

The ultranationalist leader, Mr Vojislav Seselj, their lone political challenger, is being systematically discredited. A paramilitary commander who last year was accused of war crimes by the US, he achieved widespread popularity as the leader of the second biggest political party.

At that point, his meteoric rise to power was aided by both the state television and by Serbia's secret police. But after the collapse last month of his unofficial alliance with Mr Milosevic, Mr Seselj became the target of a smear campaign orchestrated by the state-controlled media and the secret police.

At the same time, the same forces are creating a new satellite, the Serbian Unity party of Mr Zeljko Raznatovic, alias Arkan, a renowned boss of Belgrade's mafia, in order to capture the extremist vote for Mr Milosevic.

Photographs of Arkan, sought by police in several western European countries and commander of a paramilitary unit accused of brutal crimes in Bosnia, are plastered on the streets of Belgrade. They are not wanted posters, but advertisements for his election campaign.

Lamfalussy urges credible, sustainable policies to influence currency markets

Euro-bank chief steps softly, softly

By Andrew Hill in Brussels

THE MAN who will be keeping an eye on the next phase of European economic and monetary union yesterday got his first look at the people who will be keeping an eye on him.

Mr Alexandre Lamfalussy, the Belgian president-elect of the European Monetary Institute, the forerunner of a European central bank, was quizzed by members of the European parliament, revelling in their new powers to vet important institutional appointments in the European Union.

But while the deputies blustered through the three-hour session, Mr Lamfalussy remained unruffled, like a grey-suited Mahatma Gandhi, softly preaching a policy of passive resistance to currency speculators and imprudent finance ministers.

Mr Lamfalussy, who will launch the Frankfurt-based EMI in January, renounced weapons such as capital controls and central bank intervention. "I think the only way to influence the market is [with] the credibility and sustainability of policies," he told the MEPs. "Credibility leads to [exchange rate] stability."

Were current government economic policies credible? Mr Lamfalussy refused to be drawn, but he noted some positive effects on the European recession: "Whether government policies were deliberately wise or whether they were just lucky I don't know, but the result isn't too bad."

It was too soon to consider reforms to the discredited European exchange rate mechanism, following recent currency crises, he said. As a result, Mr Lamfalussy said it was "improbable" that the European Union would meet the Maastricht treaty's target of Emu by 1997. Instead, a few of the strongest EU economies would probably press on with monetary union in "jumps", rather than pursuing an unworkable "gradualist" approach.

Mr Lamfalussy told MEPs the EMI would have a staff of some 300 people. They would help him act as an impartial "honest broker" between independent central banks. But certain MEPs seemed unconvinced that Mr Lamfalussy, a Belgian baron and distinguished central banker, would have a real influence over street-fighting national finance ministers.

Given that the EMI is charged only with monitoring and advising on monetary co-ordination, would Mr Lamfalussy's appointment really change anything?

The central bankers' central banker smiled inscrutably. "I'm not representing any of the central banks, nor indeed any of the countries, and that will make quite a substantial difference," he said. The MEPs approved his candidacy unanimously.

US agrees next stage of Concorde project

By Paul Betts, Aerospace Correspondent, in Dubai

THE US has given the go-ahead to the next stage of the programme to build a supersonic airliner to replace the ageing Anglo-French Concorde.

The National Aeronautics and Space Administration will start work next year on the second phase to develop the airframe, propulsion and systems technologies over seven years at an expected cost of $1.2bn, Mr Lewis Williams, Nasa's director of high speed research, said yesterday at the Dubai Air Show.

The aircraft, planned to enter service early in the next century, will have twice Concorde's 3,000 nautical mile range, carry 300 passengers – three times Concorde's capacity – and operate at close to standard subsonic air fares.

Nasa began research in 1990, evaluating environmental considerations, including atmospheric effects, nitrogen oxide engine emissions, noise and sonic boom. That first phase, costing about $400m, has shown the aircraft to be "environmentally compatible", said Mr Williams.

"We had to ensure that the environmental issues could be resolved before embarking on the second stage of research," he added.

Although other government agencies, aircraft manufacturers and engine-makers elsewhere are collaborating on the supersonic aircraft study, the US appears to be taking a far more active role in research. Nasa's annual high-speed research budget has just been increased from $117m this year to $197m in 1994, although the agency had asked for $187m for next year.

The US is keen to catch up with the European aerospace industry's expertise and experience in supersonic airliner development through Concorde. However, any future aircraft is expected to involve broad international co-operation because it is widely accepted that the market will bear only one programme.

Mr Williams argued that a 300-seat supersonic aircraft offering passengers fares similar or slightly higher than for subsonic travel would compete effectively against the new 600-seat subsonic super jumbo conventional airliners which the aerospace industry is now studying.

Speed-up of HK talks sought

Continued from Page 1

ish officials see the next round of talks beginning November 19 as a key test of Beijing's willingness to reach an agreement.

Mr Hurd said Mr Christopher Hum, the senior foreign office official responsible for the Far East, will lead the British side in the next round. He will stand in for Sir Robin McLaren, the ambassador in Beijing, who had an operation this week on his back and will be out of action for some weeks, officials said.

Britain wants to double the frequency of the talks to a round per week. Mr Patten said room for manoeuvre was very limited.

EC steel plans in deadlock

Continued from Page 1

fortnight ago. "We went as far as we could to persuade the Italian authorities that this was the end of it as far as the Commission was concerned."

But Mr Van Miert sounded more optimistic about the possibility of altering the Treuhand privatisation agency's plan to sell off 60 per cent of the east German steelmaker, Ekostahl.

He and Mr Martin Bangemann, the industry commissioner, last night met Mr Günter Rexrodt, German economics minister. Mr Rexrodt said he would try to find some more capacity cuts before next week's ministerial meeting.

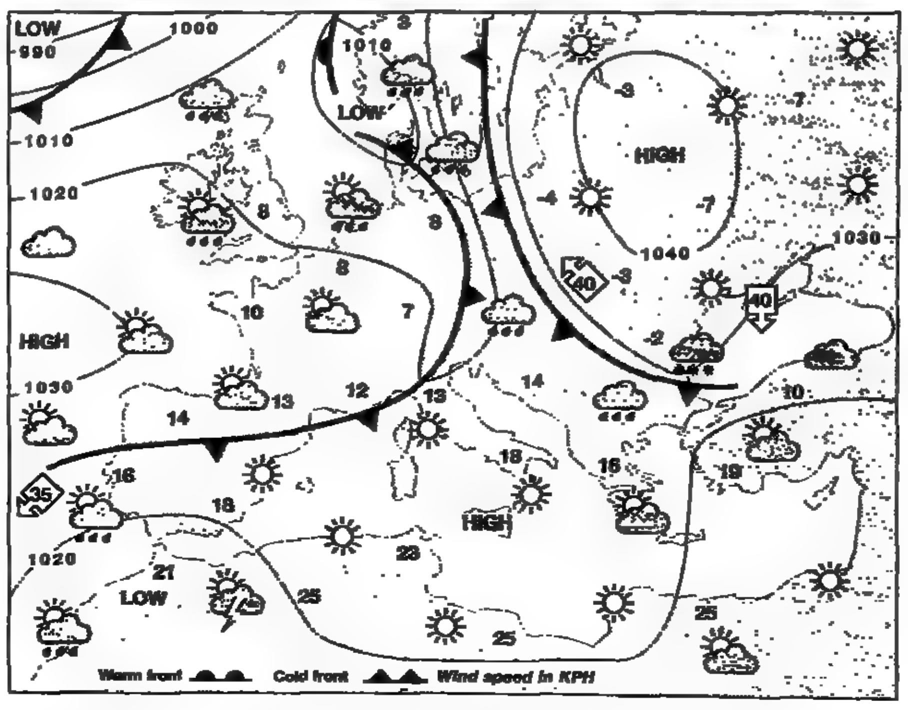
FT WORLD WEATHER

Europe today

A depression south of Norway will cause rain over southern Scandinavia, Germany, the Alps, northern Italy and south-eastern France. Showers developing in cold air over the Atlantic will move into Ireland and Scotland. Sunny periods will occur in England and Wales as well as France and northern Spain. A few local showers, some with hail, will develop over the Low Countries. The Mediterranean will be mainly sunny. A strong high pressure centre over Russia will bring cold air into the northern Balkan states and Poland where temperatures will remain below freezing Snow showers will develop along the west coast of the Black Sea. Bulgaria and the former Yugoslavia will have overcast skies and rain.

Five-day forecast

A series of Atlantic depressions will produce heavy rain in north-west Europe, particularly over the weekend. Spain and Portugal will be calm and mainly sunny owing to a ridge of high pressure. A small but active low will cause heavy showers over south-eastern Europe this weekend. Temperatures will continue to be below freezing over extreme eastern Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	shower	6	Cardiff	shower	7	Frankfurt	rain	9	Malta	sun	21	Rio	fair	23
	Celsius		Belgrade	cloudy	8	Chicago	fair	13	Geneva	rain	10	Manchester	fair	7	Riyadh	sun	32
Abu Dhabi	sun	31	Berlin	rain	5	Cologne	rain	8	Gibraltar	shower	19	Manila	cloudy	33	Rome	sun	17
Accra	fair	32	Bermuda	fair	27	D' Salaam	fair	30	Glasgow	fair	7	Melbourne	fair	15	S. Frsco	fair	19
Algiers	fair	24	Bogota	shower	18	Dakar	sun	27	Hamburg	rain	7	Mexico City	fair	21	Seoul	rain	16
Amsterdam	shower	8	Bombay	fair	33	Dallas	cloudy	22	Helsinki	fair	-3	Miami	shower	28	Singapore	cloudy	32
Athens	fair	15	Brussels	fair	8	Delhi	sun	32	Hong Kong	cloudy	29	Milan	shower	12	Stockholm	rain	2
B. Aires	shower	30	Budapest	rain	6	Dubai	sun	31	Honolulu	shower	27	Montreal	cloudy	5	Strasbourg	rain	8
B.ham	fair	7	C.hagen	rain	5	Dublin	fair	7	Istanbul	shower	11	Moscow	sun	-3	Sydney	cloudy	23
Bangkok	fair	35	Cairo	sun	25	Dubrovnik	shower	16	Jersey	fair	11	Munich	rain	8	Tangier	shower	20
Barcelona	fair	17	Cape Town	cloudy	18	Edinburgh	fair	7	Karachi	fair	38	Nairobi	shower	25	Tel Aviv	fair	21
Beijing	cloudy	11	Caracas	cloudy	30	Faro	fair	21	Kuwait	fair	30	Naples	sun	17	Tokyo	fair	17
									L. Angeles	fair	20	Nassau	thund	29	Toronto	cloudy	8
									Las Palmas	sun	23	New York	fair	19	Tunis	sun	22
									Lima	cloudy	21	Nice	fair	17	Vancouver	shower	8
									Lisbon	fair	18	Nicosia	fair	20	Venice	shower	12
									London	fair	8	Oslo	rain	5	Vienna	rain	5
									Lux.bourg	cloudy	6	Paris	fair	9	Warsaw	fair	-2
									Lyon	fair	10	Perth	fair	25	Washington	sun	16
									Madeira	shower	21	Prague	rain	7	Wellington	cloudy	14
									Madrid	fair	16	Rangoon	fair	34	Winnipeg	sun	0
									Majorca	sun	20	Reykjavik	snow	1	Zurich	cloudy	7

THE LEX COLUMN

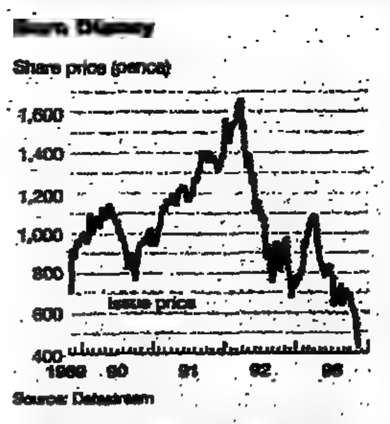
Disney's big dipper

The real world keeps intruding on Euro Disney's fantasy. Yesterday's decision to change its accounting policies is a clear indication that the decks are being cleared for a fresh injection of equity. By charging start-up costs directly to the profit and loss instead of capitalising them on the balance sheet, the company is saving future depreciation. The returns to any future investors will thus look greater, even if the immediate result has been to decimate the balance sheet. Under US accounting standards, net assets per share work out at little more than FFr2. Shame on those who fought for the mandate to sell the paper to investors at 707p in 1989.

Euro Disney's new management is applying itself with noble persistence to the task of boosting the project's revenues. But it faces two daunting obstacles. The first is that by cutting prices and adding facilities it is diluting the operational gearing that comes into play with increased attendance. The second is that the project can never generate enough cash to service its FFr21bn debt. Even with the help of eventual economic recovery and a weaker French franc, it is hard to see Euro Disney supporting more than half that amount.

The equity injection will thus need to be at least FFr10bn to FFr11bn, which puts Walt Disney on the spot. Without its support the project may simply close, causing irreparable damage to the Disney name. But the amount is large for it to shoulder on its own. One solution might be to seek a trade partner who might find use for the excessively lavish hotels, perhaps by adding conference facilities. In the absence of a second park, the surplus hotel capacity is certainly a heavy drag. A more scary thought is that, having squandered the proceeds of its flotation, a restructured Euro Disney might come back to the market for more. That, as they say, is show business.

FT-SE Index: 3098.5 (+2.5)



Source: Datastream

National Power

It is strange that the stock market should take the downbeat message from National Power so seriously. The sharp fall in market share in the first half was partly due to the company's tardiness in building new gas-fired plant. The decline will be much less pronounced from here on. Since the regulator is deciding whether to refer the generating duopoly to the Monopolies and Mergers Commission, National Power has an incentive to err on the side of caution. That might also explain the disappointing dividend.

True, the 14 per cent increase in interim pay-out looks miserly against the 18 per cent rise afforded by PowerGen. But National Power is sticking to its target of reducing dividend cover from 3.3 times to 2.5 times by 1995. Working capital is being released as surplus coal stocks are run down, so there is hardly a shortage of cash. Annual dividend increases of at least 15 per cent thus look probable, even if earnings do not grow at all.

The profits outlook is certainly becoming less rosy as operating efficiencies become more difficult to find. But National Power looks some distance from running out of cost savings. Besides, the £454m provisions in the balance sheet are a cushion against hard times. A £34m slug was released to profits yesterday, in addition to the £45m pension-related credit taken as an exceptional item. A monopolies reference would undermine both generators, regardless of their financial strength. With its shares now lagging those of PowerGen by 13 per cent, National Power may have limited the downside risk.

Unigate

Unigate continues to make useful progress rationalising its illogical collection of businesses. Though flattered by the release of provisions and a gain from a pension revaluation, Unigate's rise in headline profits represents an encouraging performance in tough conditions. Buying dairies on the cheap and squeezing extra volumes out of reduced capacity is proving an effective strategy to combat margin pressures – in the short term at least.

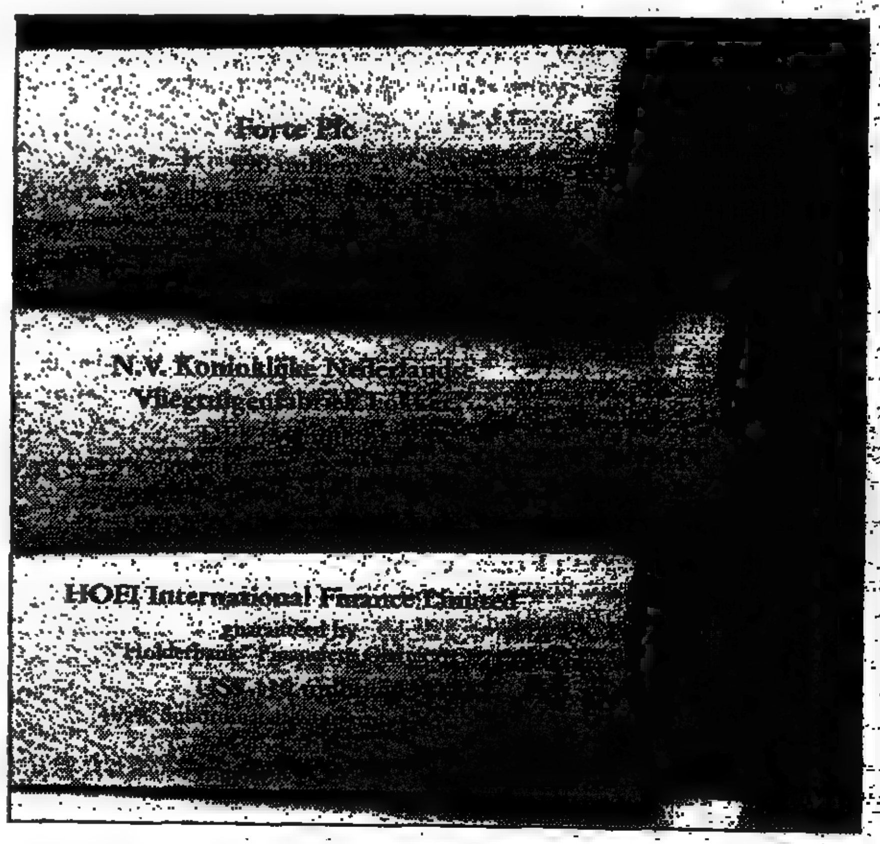
Unigate's shares will continue to be underpinned by their 5.5 per cent yield. But the company's 40 per cent outperformance of Northern Foods this year is beginning to look a trifle excessive. Northern has attractive investment avenues in which to divert the funds milked from its dairy cash cow. Unigate still lacks a suitable recipe for sustainable earnings growth. With the grocery chains soon likely to apply the squeeze to commodity producers, the market appears to be coming full-circle in believing branded goods manufacturers are best placed to resist their fatal embrace. But that will hardly be to Unigate's benefit. The success of Müller in grabbing so big a share of UK yoghurt sales illustrates how vulnerable Unigate remains on that score.

News Corporation

Mr Rupert Murdoch has hardly put a foot wrong recently, as his latest burst of deal-making and the 10-fold increase in News Corporation's shares since 1991 testify. But he trod in something nasty yesterday as News reported a 5 per cent fall in first-quarter operating profits and the controversy resurfaced over its plans for a new class of super voting shares with a discussion paper from the Australian stock exchange.

News's book publishing profits were weaker and problems grew at its free-standing insert division. But the real hit came from its price-cutting campaign in the UK, where newspaper profits slid 15 per cent. Thanks to his non-executive directorship at Philip Morris, Mr Murdoch has had a ringside seat watching similar pricing punch-ups in the US. But Marlboro's assault has led to a fearful bruising and US cigarette prices now appear to be edging up again. The suspicion grows that any imposition of VAT on newspapers would cloak restorative price rises on its UK titles.

The Australian stock exchange is treading gingerly over News's share proposals. It may worry that if it blocks the scheme, its second most heavily traded stock will switch its listing to the US. But that is no reason to concede a point of principle. Besides, News can hardly count on an ecstatic reception in New York. Calpers has been among the most vociferous critics of the share proposal. Moreover, there was heavy selling of News's ADRs after disappointment grew with its first-quarter results.



FINANCIAL TIMES
COMPANIES & MARKETS

Thursday November 11 1993

VW halts slide in third quarter

By Christopher Parkes in Frankfurt

GROUP NET profits of DM70m ($43.2m) in the third quarter helped Volkswagen whittle down losses for the first nine months of this year to DM1.53bn, the troubled German-based motor group announced yesterday.

Earnings of DM177m at the parent company in the three months to end-September reduced the deficit there to DM768m, against DM946m at the half-way mark and a profit of DM289 in the comparable part of 1992, when group earnings were DM549m.

Although the improvement had long been signalled through informal monthly reports from Mr Ferdinand Piëch, chairman, the news was well received on the Frankfurt stock exchange.

VW shares rose sharply in early trading, leading a short-lived surge in the DAX index of leading stocks, and slipped later to close DM3.30 higher at DM395. A suggestion from a member of the supervisory board that the group should pay no dividend - DM2 last year - came after the market closed.

In a letter to shareholders, the company attributed most of the group loss to difficulties in the Spanish market, and "the high investment costs and advance payments for new models" which had led to "profit problems" at Seat, its Spanish subsidiary.

The letter gave no further details, although VW had earlier forecast a DM1.25bn deficit at Seat for the full year. Executives at Audi, the quality car subsidiary, last week forecast heavy losses for 1993 after a half-way deficit of almost DM200m.

The deterioration in the west European car market had continued unchanged in the third quarter, the letter said, and no improvement could be expected in the coming months.

Group production worldwide had fallen 16.3 per cent in the first nine months to 2.195m vehicles; deliveries to dealers were down 15.4 per cent at 2.162m and deliveries to customers were 12.5 per cent lower at 2.33m. Turnover was 11.4 per cent lower at DM56.4bn. Only Skoda, the Czech brand, managed to increase unit sales, showing a 13 per cent improvement to 158,000. Volkswagen marque deliveries were 11 per cent lower, Audi slumped 26 per cent while Seat slid 16.5 per cent.

The group maintained its leading market share in western Europe despite a slip from 17.5 per cent a year earlier to 16.4 per cent. Its share of the German market, where sales slid 22 per cent, declined 0.7 percentage points to 28.5 per cent.

INSIDE

Hoechst may cut payout after 40% fall

Hoechst, one of Germany's big-three chemicals groups, may cut its dividend after a 40 per cent drop in earnings to DM924m ($545m) in the first nine months. **Page 16; World stock markets, Back Page**

Procordia up 42% to SKr1.5bn

Procordia, the Swedish pharmaceuticals and consumer products group, has announced a SKr1.47bn ($179m) pre-tax profit for the three months ended September, up 42 per cent from 1992. **Page 16**

Steady earnings at Siemens

Siemens raised net earnings 1 per cent to DM1.98bn ($1.2bn) in the year to the end of September, and will pay an unchanged dividend of DM13. **Page 16**

US retailers take charges

Woolworth and Federated Department Stores, two leading US retailers, said their third-quarter performances had suffered as a result of special charges against earnings. **Page 17**

Novell in PC agreement

Novell, the US software company, and Zenith Data Systems, the personal computer subsidiary of Groupe Bull of France, have reached an agreement which should give Novell a toe-hold in the market for personal computer operating software. **Page 17**

Japan maintains drug earnings

Japan's main drug companies sustained earnings for the first half to September because of firm sales of drugs with wide profit margins and aggressive cost-cutting. **Page 18**

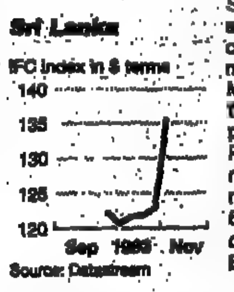
Head-to-head for futures volume

The London International Financial Futures & Options Exchange (Liffe) and OMLX, the London Securities and Derivatives Exchange, will compete head-to-head for volume on futures and options on the FT-SE Mid 250 Index. **Page 19**

Agency rebound lifts Hambros

Hambros, the merchant bank and financial services group, raised interim pre-tax profits 53 per cent to £41.1m ($60.4m), after Hambro Countrywide, its estate agency chain, returned to profit. **Page 20**

Death brings life in Colombo



Source: Datastream

Sri Lankan equities showed an impressive rise over the last week. The market's rally began in May, around the time of the assassination of the president, Mr Ranasinghe Premadasa. Since then, as measured by the IFC, the market has gained nearly 60 per cent in dollar terms over the year to date. **Back Page**

Market Statistics

Base lending rates	36	London share service	29-31
Benchmark Govt bonds	19	Liffe equity options	19
FT-A indices	29	London tradit. options	19
FT-A world indices	Back Page	Managed fund service	32-35
FT fixed interest indices	19	Money markets	36
FT/ISMA int bond svc	19	New int. bond issues	19
Financial futures	36	World commodity prices	24
Foreign exchanges	36	World stock mkt indices	37
London recent issues	19	UK dividends announced	20

Companies in this issue

ACT	22	Linde	17
Adia	17	Microsoft	17
American Express	9	Mitsubishi Estate	18
Arthur Andersen	17	National Power	16
B.F. Goodrich	17	News Corp	15
BICC	21	Norsk Hydro	16
Bristol-Myers Squibb	15	Novell	17
Carter Holt Harvey	18	OK Bazaars	18
Carlsberg	9	Oceana Investment	22
Challis Garden	22	Pearson	22
Chamberlin & Hill	22	Personal Assets Trst	22
Champagne Laurent	21	Procordia	16
Christie Group	22	Royal Doulton	22
Daiichi	18	S African Breweries	18
Elsai	18	SAS	15
Electrocomponents	21	SSAB	16
Eni	16	Scottish Value	21
Etam	22	Sed Armaturen	22
Euro Disney	15	Shionogi	18
European Colour	22	Siemens	16
Federated Dept Store	17	TR Property	22
Foster Wheeler	22	Takeda	18
Friends Prov Ethical	22	Tiger Oats	18
Fujisawa	18	Trizec	17
Glynwed	22	Turner Broadcasting	17
Gotabank	16	Unigate	21, 16
Govett High Income	22	Veuve Laurent	21
Grand Metropolitan	21	Volkswagen	15
Henderson Admin	21	Walt Disney	17, 15
Hoechst	16	Western Mining Corp	18
IDV	21	Wood (John) Group	22
Ingham	22	Woolworth	17
Kenny (JP)	22	Wyevale Garden	22
Kleinwort Second	22	Yamanouchi	18
		Zenith Data Systems	17

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	991	+	33
Berliner Kraft	227	+	7.2
GEHE	503	+	17
Goldschmidt (TH)	605	+	15
Leifheit	755	+	15
Falls			
Porsche	750	-	20
NEW YORK ($)			
Rises			
Motorola	102¾	+	2⅜
Natl Semicondtr	17⅜	+	1½
Telefonos	53⅞	+	2⅞
Texas Inst	62¼	+	3¼
Falls			
Paramount	80¼	-	1⅛
Walt Disney	41	-	½

New York prices at 12.30pm.

PARIS (FFr)			
Rises			
Saint Gobain	549	+	12
Falls			
Accor	579	-	[illegible]
Eridania B-Say	829	-	29
Euro Disney	38	-	5.7
Imm De France	1051	-	24
Immob Phenix	123	-	2.8
TOKYO (Yen)			
Rises			
Yamaha Corp	925	+	45
Falls			
Calsonic	499	-	21
Central Finance	357	-	29
Citizen Watch	844	-	46
Fudo Const	530	-	31
Nagasakiya	759	-	42

LONDON (Pence)			
Rises			
Avesco	110	+	6
Boustead	25	+	6
Chamberlin Hill	185	+	7
FII	310	+	30
HSBC (75p shs)	758	+	12
Psion	194	+	6
Yorks-TyneT TV	191	+	9
Falls			
Adwest	169	-	8
Betterware	169	-	11
Bibby (J)	58	-	11
Bluebird Toys	482	-	13
Etam	244	-	6
Euro Disney	438	-	72
First Nat Fin	59	-	11
Hambros	344	-	24
Henderson Admn	1008	-	52
ICI	698	-	12
Intl Food Mach	32	-	3
MMC	114	-	6
Tadpole Tech	289	-	13

SAS fall into red underlines urgency of Alcazar

By Christopher Brown-Humes in Stockholm

SCANDINAVIAN Airlines System (SAS) has plunged into a SKr1.75bn ($216m) loss after financial items for the first nine months, sharply reversing the SKr592m profit it made in the same 1992 period.

The deterioration underlines the urgency of the group's efforts to merge with three other European airlines - KLM Royal Dutch, Swissair and Austrian Airlines - in the so-called Alcazar project.

It has also led the airline to promise "an intensive result improvement programme" to help it get back into profit. The measures being considered include job losses, route closures, and the sale and leaseback of aircraft.

SAS blamed its deficit on the weakening of the Swedish krona, which produced unrealised exchange losses of SKr1.15bn. A 2 per cent drop in passenger yields and losses on hotel and leisure operations aggravated its position.

Operating revenues climbed 15 per cent to SKr29.2bn, but this was outstripped by a 21 per cent rise in expenses to SKr27.4bn. The airline admits it has fallen behind schedule on a targeted 8 per cent cut in costs this year, and is promising to beef up the efficiency drive in 1994.

Pre-tax losses were held to SKr1.13bn after a SKr500m gain from the sale of part of SAS Service Partner, the airline's catering unit.

The airline benefited from a 3 per cent increase in passengers to 14.1m, while traffic in revenue passenger kilometres was up 7 per cent from last year.

The most difficult market has been Sweden, where deregulation has brought a 14 per cent decline in traffic.

Compensating for this was favourable growth on European, intercontinental and domestic Norwegian routes.

SAS expects its full-year figures to show a slight improvement over the nine-month results, helped by a stronger Swedish krona.

Mr Jan Carlzon, the former SAS president who stepped down in September to devote all his efforts to the Alcazar project, has warned that the project will collapse if the European carriers cannot agree on the choice of a US partner before the end of this month.

His remarks were quoted in the Swedish daily Svenska Dagbladet, which said SAS was planning to cut 3,000 out of 39,000 jobs.

John Ridding examines the scale of Euro Disney's financial crisis

White-knuckle ride for fantasyland investors

Investors in Euro Disney have stomached a stream of bad news since the theme park opened its doors on the eastern outskirts of Paris last year. But the scale of losses and write-offs announced yesterday shocked even the most hardened of them.

Exceptional charges of FFr3.63bn ($619m) which sent losses to FFr5.3bn for the year to September 30, knocked a large chunk off the company's capital. The net asset value per share now stands at less than FFr10 compared with yesterday's closing price of FFr38, down 13 per cent on the day.

The depressing figures mean that without a financial restructuring, and soon, there is a question mark over the company's survival.

For the moment, Walt Disney, the US entertainment giant which holds 49 per cent of Euro Disney, seems prepared to step into the breach. "Walt Disney has agreed to help fund Euro Disney for a limited period to afford it time to attempt its capital restructuring by spring 1994," the European company said yesterday.

The American group simultaneously announced that it was taking a $350m charge against fourth-quarter earnings to cover both the winter funding commitment and receivables due from the European business.

Walt Disney is a reluctant saviour. From the beginning it has sought to distance its investors from the risks at Euro Disney, supplying less than FFr1bn of the group's original equity capital. Industry analysts, believe, however, that the US group will provide support for Euro Disney, fearing the effect that failure could have on its reputation.

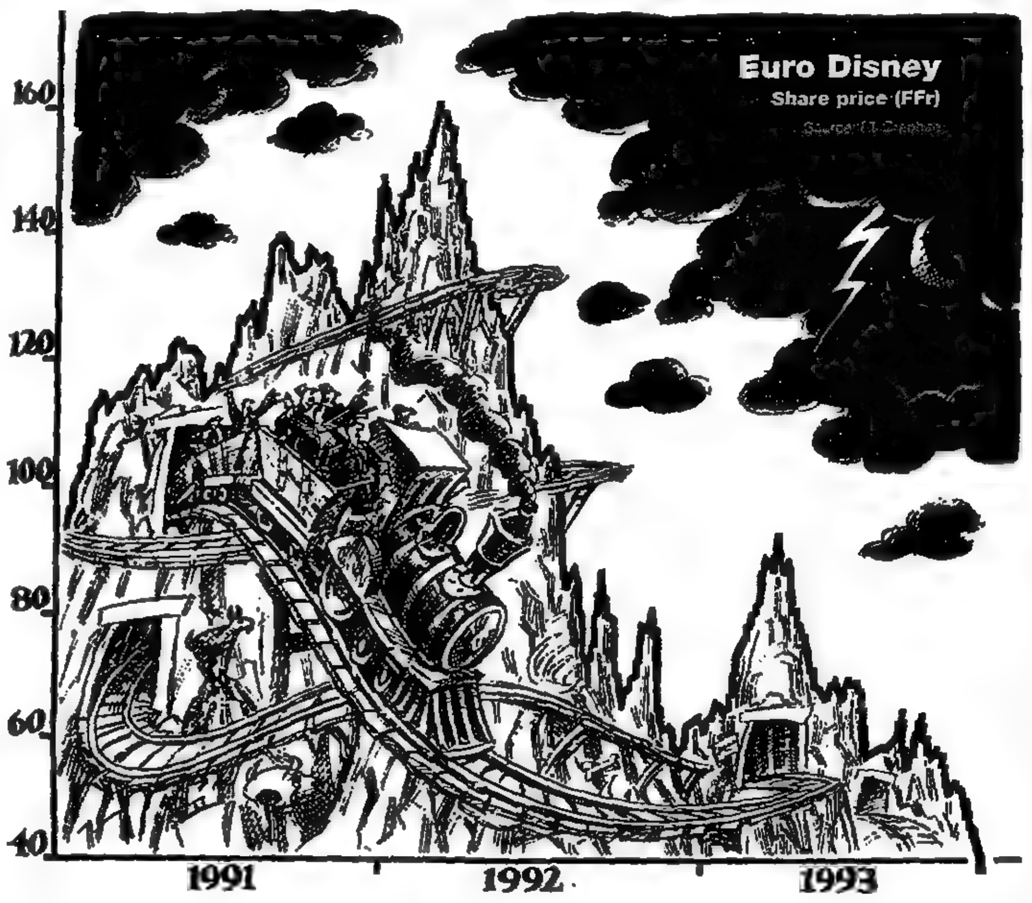
"They have to look after their own investors," says Mr Nigel Reed, leisure analyst at Paribas Capital Markets in London. "But they cannot afford to let a company with the Disney brand name go under."

The depth of the problems revealed by yesterday's figures means it is crunch time for Walt Disney. "They pretty much have to help and it seems they are now prepared to," says one banker close to the company.

Walt Disney's provision of winter funding buys time for Euro Disney, and the large-scale write-offs should reduce depreciation charges, improving future profits. But a capital restructuring remains problematic.

The central dilemma is that the most likely means of restructuring remains a share issue, probably a rights issue. But the weakness of the share price complicates such a solution. "It would have to be a very big issue to raise the sort of money that Euro Disney needs," said one merchant banker in Paris.

As a result, a restructuring package is expected to include other measures, such as a renegotiation of the terms of the company's FFr21bn debt with its bankers. They are also being asked to consider swapping loans into equity.



One further solution involves the injection of fresh capital from a new partner. The group's financial problems, however, suggest it will be hard to find ready investors. The task is made all the more difficult by depressed trading conditions. "Europe-wide recession, high interest rates and mounting unemployment have all served to reduce disposable incomes," Mr Philippe Bourguignon, Euro Disney's chairman, said yesterday. "Inevitably tourism has been hit very hard."

For Euro Disney the problems have been compounded by the effects of the strong franc, which has reduced visits from the UK and Italy in particular. At the end of last month, BA Holidays, the package tour subsidiary of British Airways, announced it was abandoning sales of holidays to the struggling theme park.

The depressed state of the French property market has prevented the company from realising anticipated revenues from property development. "Euro Disney is in a vicious circle of high interest-rate costs and disappointing revenues," says Mr Reed at Paribas. "The company is in serious trouble."

Mr Bourguignon is responding with a cost-cutting programme. Last month, the company announced it would shed 950 of its 11,100 staff. It has also frozen plans to extend the French theme parks, although Mr Bourguignon has reiterated that the second phase of EuroDisneyland remains a cental part of the strategy.

The belated decision to write off its pre-opening costs should improve the prospects for profitability in the future.

Mr Bourguignon has also taken encouragement from the sharp rise in French visitors to EuroDisneyland. In the past two months, they accounted for about 45 per cent of the total.

But the bright spots at EuroDisneyland remain few and far between. They will mean little if Mr Bourguignon fails to pull off his restructuring.

Lex, Page 14;
Walt Disney results, Page 17
World stock markets, Back Page

Diabetes drug raises US group's prospects

By Paul Abrahams in London

A DRUG produced by Bristol-Myers Squibb, one of the world's biggest drug companies, was found to reduce deaths from diabetes by 50 per cent.

The study by the New England Journal of Medicine has important implications for diabetics, the company and health authorities anxious to keep down costs. The drug, Capoten, should increasingly be used to halt progression of the diabetes, reducing the need for expensive kidney dialysis and transplantation.

The results are significant for Bristol-Myers Squibb because they will help the New Jersey-based group generate additional revenues from its top-selling product with sales last year of more than $1.6bn.

Capoten's US and German patents and run out in other markets in 1997.

Analysts warned the trial, the largest of its kind, confirmed what had already been suspected. Mr Viren Mehta, analyst at New York brokers Mehta & Isaly, said: "I'm not sure there will be a dramatic increase in Capoten's sales. Many doctors are already using the medicine and other drugs in its class of ace-inhibitors to treat diabetics. But the ace-inhibitors will clearly become the drug of choice."

There are about 15m diabetes sufferers in the US, and 1m in the UK. Dialysis costs as much as £25,000 per patient a year, while transplants cost about £15,000 and require between £3,000 and £5,000 a year to maintain the patient. Bristol-Myers Squibb believes appropriate use of Capoten, also known as captopril, could save $2.5bn in the US over 10 years.

The three-year study involved 409 diabetic patients using insulin in 30 centres in the US and Canada. Of the 202 patients on placebo, 42 died. Among the 207 on Capoten only 23 died. The trial was organised by the US National Institutes of Health.

The drug appears to improve circulation in the kidney, improving its ability to process impurities in the blood. The trial showed Capoten nearly halved the risk of high blood levels of creatine which results in reduced kidney function.

Dr Marc Pohl, one of the principal investigators, said: "This study provides a mandate for Capoten to be used for diabetics whether or not they are using insulin."

News Corp lifted 21% after associates' contribution doubles

By Nikki Tait in Sydney

NEWS Corporation, the media, film and publishing group run by Mr Rupert Murdoch, yesterday reported a 21.4 per cent increase in third-quarter profits after tax to A$262.3m (US$175m).

After abnormal items profits rose to A$246m from A$193.7m.

Progress was mainly because of a doubled contribution of A$78.9m from associated companies, including BSkyB - in which Pearson, publisher of the Financial Times, has an interest - and Ansett Airlines, and because of reduced interest charges of A$173.6m, against A$206.2m.

Operating profits from the main group fell almost 5 per cent to A$412.2m. News Corp said this reflected the cost of the newspaper price war in the UK - where newspaper profits fell 15 per cent - and reduced earnings from the "free-standing insert" division.

In the US, the filmed entertainment division saw operating profits advance from A$15.8m to A$42.5m, helped by releases such as *Rookie of the Year, Robin Hood - Men in Tights* and *Rising Sun*. However, the HarperCollins publishing business saw weaker earnings.

Book publishing overall contributed A$75.9m, compared with A$82m.

● The release of the results coincided with publication of the Australian Stock Exchange's discussion paper on Mr Murdoch's controversial plan to create a new class of shares with "super" voting rights, which would be issued on a pro rata basis to existing shareholders.

The plan - seen as a means of reinforcing Mr Murdoch's control - has run into criticism from institutions.

Looking at arguments for allowing differential voting rights, the ASX said it could encourage management commitment, counter short-termism by investors and induce companies to issue equity rather than debt securities. It also noted that share schemes should be a matter for shareholders, not the exchange.

Conversely, the ASX said such shares could be seen to "entrench" management; increase the opportunity for the abuse of minority shareholders; and deprive shareholders of a potential takeover premium.

The ASX asked interested parties to submit answers to 28 questions by November 29.

Lex, Page 14

Hoechst may cut dividend again after 40% decline

By Christopher Parkes
in Frankfurt

SHAREHOLDERS in Hoechst, one of Germany's big-three chemicals groups, may face a further dividend cut this year following a 40 per cent earnings decline in the first nine months to DM924m ($543m), chairman Mr Wolfgang Hilger hinted yesterday.

The company was likely to withdraw from unprofitable businesses if conditions did not improve, he said.

Although he gave no further details, he said he was particularly unhappy about the European fibres business and polypropylene manufacture.

The size of the 1993 dividend would depend on developments in the final quarter and the early part of the new year, he added.

However, October had not lived up to expectations, prices were still unsatisfactory and there had been no change in incoming orders. The payout last year was cut to DM9 from DM12 a share.

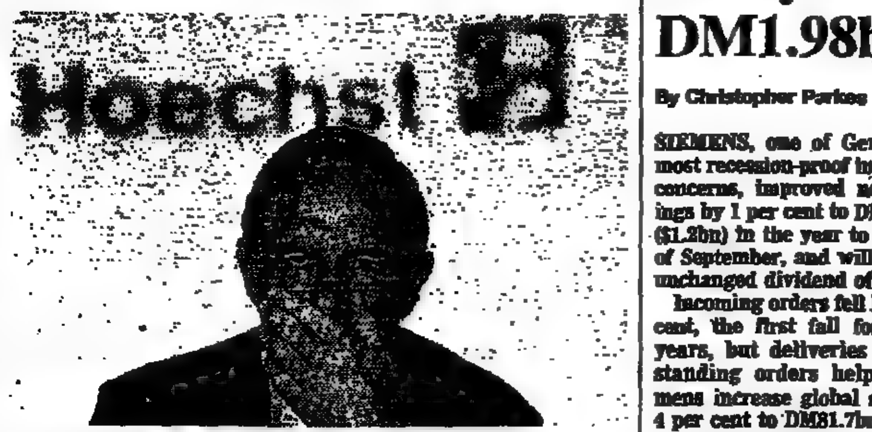
The group said domestic business was not expected to deteriorate further, and seasonal improvements were likely to lift pharmaceuticals operations in north America.

In a gloomy review of the year to the end of September, Mr Hilger highlighted the poor performance at the German parent, Hoechst AG, where operating results were deep in the red. Its pre-tax profits of DM367m, down 55 per cent on 1992, stemmed entirely from investment income, he said.

While group turnover was more or less stable at DM34bn, and volume sales were hardly changed and prices were down 1 per cent, nine-month sales at Hoechst AG had dropped 10 per cent. Volumes were 6 per cent lower and prices had dropped 4 per cent.

Turnover in the healthcare businesses contributed the largest proportion to group sales for the first time, relegating chemicals and dyes to second place.

Worldwide operating profits from pharmaceuticals were DM200m down on the comparable part of 1992.



Wolfgang Hilger: payout depends on developments in final term

Siemens earnings steady at DM1.98bn

By Christopher Parkes

SIEMENS, one of Germany's most recession-proof industrial concerns, improved net earnings by 1 per cent to DM1.98bn ($1.2bn) in the year to the end of September, and will pay an unchanged dividend of DM13.

Incoming orders fell by 2 per cent, the first fall for seven years, but deliveries of outstanding orders helped Siemens increase global sales by 4 per cent to DM81.7bn.

Falling demand in Germany led to a drop of 6 per cent in domestic orders. Turnover in Germany rose 2 per cent to DM37.3bn. Foreign demand rose 2 per cent, while sales climbed 6 per cent to DM44.4bn. The effects of recession were felt most strongly in automation, drives, switching technology, and medical electronics, the company said.

The results were adversely affected by heavy losses at the computer business, Siemens Nixdorf Informationssyteme (SNI). However, the deficit shrank to DM419m, from DM513m in 1992, on turnover down 9 per cent at DM11.9bn.

No earnings details were available on semiconductors, although incoming orders rose 33 per cent during the year and sales increased 14 per cent to DM2.1bn.

Telecommunications, the largest group of businesses within the group, recorded sales increases of 3 per cent in the public sector and 16 per cent in private networks.

However, public orders dropped 7 per cent, reflecting the international squeeze on government spending, while the turnover from private telecommunications was bolstered by the first-time consolidation of the US Rolm business.

Sales by the KWU power generation subsidiary jumped 32 per cent, although new orders rose by only 1 per cent.

Siemens Verkehrstechnik, the railways arm, increased turnover 32 per cent to DM3.6bn and booked 33 per cent more new orders than in 1991-92. This was the only operating division not to reduce its workforce during the year.

Unigate rises 20% to £50m

By Maggie Urry in London

A ONE-FIFTH rise in interim pre-tax profits to £50.3m ($75.95m) at Unigate, the UK food and distribution group, was "a good performance in difficult trading conditions", chairman Sir Brian Kellett said.

However, the rise owed much to acquisitions and one-off items. Comparable profits growth of 14.3 per cent would slow in the second half.

Mr Ross Buckland, chief executive, said promotions by retailers were causing sharp month-to-month fluctuations in fresh food volume, which made production inefficient and squeezed margins.

But he questioned whether retailers would benefit from price cutting. "I would suggest not," he said.

Retailers' price cuts had particularly hit low-fat spreads and yoghurts, Mr Buckland said. But good volume growth had been achieved in desserts.

Operating profits from dairies rose by half to £18.6m as acquisitions, such as Clifford Foods, were integrated. Three dairies had been closed and the group now produced a third more milk.

He said the dairy business had a good future, although doorstep deliveries of milk – where margins are higher – were declining at an annual rate of 10 to 12 per cent. Unigate's margins on supermarket milk were unsatisfactory, he said, although volumes had risen.

Unigate, which has 16 per cent of the liquid milk market in England and Wales, would be "pleased to buy milk in whichever way dairy farmers wish to sell it" once the Milk Marketing Board is abolished next year. He was confident the group could buy the milk it needed at the right price under the auction system proposed by Milk Marque, the successor to the MMB.

During the half there was a cash outflow of £70.1m, of which £20.1m represented excess of acquisitions over disposals. This increased net debt to £172.1m from £98.2m at the previous year-end, giving gearing of 52.8 per cent.

The interest charge rose from £4.7m to £7.1m, but interest cover was "healthy" at seven times, Mr John Worby, finance director, said.

The rise in debt was partly caused by the cancellation of the sale of Unigate's US restaurant business. Mr Buckland said the aim was to float this in the next 12 to 18 months, but Unigate could make more acquisitions before then. He indicated these could be in continental Europe.

Observer, Page 13; London SE, Page 29; Lex, Page 15; Details, Page 21

Hydro and Eni in fertiliser venture

By Karen Fossli in Oslo and Haig Simonian in Milan

NORSK HYDRO, Norway's biggest stock market listed company, and EniChem Agricoltura, part of Italy's Eni group, are to merge their southern European fertiliser activities into a joint venture.

The deal, subject to regulatory approval, should be ready by the first quarter of 1994. First-year sales for the new company, which will have some 800 employees, should reach about L800bn ($487m).

The venture will comprise EniChem Agricoltura's two most efficient plants at Ferrara and Ravenna and Hydro's fertiliser unit in Ambes, France, as well as both groups' fertiliser marketing organisations in Italy, southern France, Spain, Greece and Portugal.

The merger has been triggered by difficulties in Europe's fertiliser business caused by gross overcapacity and severe price competition. Matters have been exacerbated by lower demand from farmers and a sharp rise in imports, especially from eastern Europe.

"This has led to a substantial over-capacity in the European fertiliser industry, making structural changes necessary," said Norsk Hydro.

It estimates about 4m tonnes of European fertiliser production will be shut down throughout the continent by 1994.

Both companies have experienced difficulties with their fertiliser activities. Hydro suffered operating losses of NKr237m ($32m) on fertiliser sales of NKr16bn in 1992. The previous year, it took a NKr1.5bn restructuring charge for its fertiliser activities. The group has shut down about 2.5m tonnes of fertiliser production capacity.

EniChem has been restructuring, although its efforts have been hampered by political difficulties and Italy's tough job protection laws.

Its Gela plant in Sicily has been sold, while a unit in Liguria is up for sale.

Although the fate of its other facilities is unclear, observers say the two plants being contributed to the joint venture may represent EniChem Agricoltura's only capacity in the fertilisers field.

The Norwegian company will contribute annual fertiliser production of 500,000 tonnes out of the group's total capacity of an estimated 10m tonnes, while EniChem will contribute up to 1.5m tonnes.

The two companies intend to review whether other associated activities will be included in the new concern.

National Power hit by payout

By Michael Smith in London

NATIONAL Power, the UK's largest electricity generator, yesterday disappointed the market with a dividend increase at the bottom end of expectations and a downbeat trading statement.

A 24 per cent rise in pre-tax profits to £250m ($373m), for the half-year to September 26 cent, was helped by a £45m release from provisions following a favourable decision on pension equalisation by the European Court of Justice. Without this, the profit rise would have been just 2 per cent from 1992's £201m.

Mr John Baker, chief executive, warned that the company's share of the electricity generation market could fall to below 30 per cent following a reduction during the half year to 33 per cent from 41 per cent.

Analysts had expected a relatively downbeat statement from the company but the shares fell by 9.5p to 402.5p. The result was achieved on a 21 per cent fall in turnover, down to £1.56bn from £1.97bn.

The improvement was helped by a further reduction in the company's workforce, which fell to 6,700 from 7,300 last March. That compares with more than 17,000 at privatisation three years ago.

The dividend rises 14 per cent, to 3.75p from 3.3p – covered 3.3 times by earnings of of 12.2p per share compared with 11.5p last year. The company has aims to reduce cover to about 2.5 times but will implement the change over two to three years.

The results were the company's last before Professor Stephen Littlechild, electricity industry regulator, decides whether to refer National Power and PowerGen, a rival generator, to the Monopolies and Mergers Commission over their market power.

Work will start on the company's second combined cycle gas turbine power plant, at Didcot, Oxfordshire, early next year, Mr Baker said, and the plant will be commissioned in 1997.

The company was likely to build a third CCGT at Staythorpe, Nottinghamshire, by the end of the century.

Lex, Page 15;
London SE, Page 29

Procordia lifted by drugs division

By Christopher Brown-Humes

PROCORDIA, the Swedish pharmaceuticals and consumer products group, yesterday announced a SKr1.47bn ($181m) pre-tax profit for the three months ended September, up 42 per cent from the same 1992 period.

The company, which is controlled by the state and the Volvo motor group, is in the process of being split into two separate companies. The drugs side is likely to be privatised next year. Volvo is bidding for the consumer products operations.

The first-quarter results show that it was Pharmacia, as the pharmaceutical and biotechnology operations will be known, that was the main contributor to the performance with a pre-tax profit of SKr911m.

Branded Consumer Products (BCP), which Volvo is seeking to acquire as part of a trade-off with the Swedish government, made a SKr563m profit.

Analysts said the figures were unlikely to affect the terms of Volvo's bid for the outstanding 26.3 per cent of BCP which it doesn't own. A stronger performance at BCP might have forced Volvo to improve its offer. The terms value BCP at SKr11.9bn.

Revenues at Pharmacia soared 88 per cent to SKr6.55bn thanks to currency factors and the inclusion of the newly-acquired Italian pharmaceuticals group Farmitalia Carlo Erba (FICE). The unit more than doubled income from ongoing operations to SKr996m from SKr408m, after FICE made a first time contribution of SKr203m.

Revenues at BCP fell 8 per cent to SKr5.47bn and income from ongoing operations was 2 per cent lower at SKr665m.

Gota Bank posts modest improvement

By Hugh Carnegy
in Stockholm

GOTA Bank, the state-owned Swedish bank due to be privatised by the end of this year, yesterday reported an operating loss of SKr3.48bn ($1.05bn) for the first nine months of 1993, a modest improvement on the SKr9.43bn loss sustained in the same period last year.

The bank said its credit losses had shrunk to SKr7.8bn in the nine months from SKr9.39bn.

Gota's operating loss after the inclusion of financial insurance and SKr7.61bn in drawn-down state guarantees was SKr785m, compared with a loss of SKr1.56bn the year before.

Gota said it had by September utilised SKr13.8bn in state guarantees out of a total of SKr15bn pledged by the government to rescue the bank from the loan loss crisis which crippled the Swedish banking sector last year.

The government, which was forced to take over Gota during the crisis, is to strip out SKr43bn of the bank's bad assets into a so-called bad bank, called Retriva, which will stay in state hands when Gota is sold.

The state is considering bids from Skandinaviska Enskilda Banken, Handelsbanken and Nordbanken of Sweden. The single foreign bidder is understood to be General Electric of the US.

Walt Disney hit by $350m charge for French park

By Martin Dickson in New York

WALT Disney, the US entertainment group, yesterday reported a fourth-quarter net loss of $77.8m after taking a $350m charge associated with Euro Disney, the troubled French theme park in which it holds a 49 per cent stake.

The company reported a 10 per cent drop in operating income, from $395.8m to $356.7m, on revenues which advanced 5 per cent to $2.2bn, while the net loss worked through at 15 cents a share.

In the fourth quarter of last year Disney made $224m, or 42 cents a share.

The company's investment in Euro Disney resulted in a loss of $414.5m for the quarter – including the $350m charge – and a loss of $514m for the full year.

Walt Disney said the need for a financial restructuring at Euro Disney had created uncertainty about the American company's ability to collect its current receivables from Euro Disney and about its provision of temporary funding to the associate.

Its $350m charge would fully reserve it against both, with roughly 50 per cent of the sum accounted for by the funding.

Walt Disney's theme parks and resorts saw operating income fall 11 per cent in the quarter to $190.4m on revenues down 6 per cent at $933.7m. This reflected lower theme park attendance and fewer occupied room nights.

Filmed entertainment saw operating income down 22 per cent at $94.9m on revenues up 12 per cent to $879.8m. The company attributed the drop to an unusually strong 1992 fourth quarter.

Consumer products posted an 18 per cent increase in income, to $71.3m, on revenues 23 per cent higher at $361m.

For the full year, the group reported net income of $299m, or 55 cents a share, down from $816m, or $1.52 a share, after accounting changes and Euro Disney charges.

Its operating income rose 20 per cent to $1.72bn on revenues 14 per cent higher at $8.5bn.

Lower sales hurt US retailers

By Frank McGurty in New York

TWO LEADING US retailers yesterday said their third-quarter performances had suffered as a result of special charges against earnings. Woolworth and Federated Department Stores revealed disappointing sales figures, in contrast with a batch of retailers reporting a day earlier.

Woolworth, which recently announced plans to close or reposition 970 of its general merchandise and specialty stores in North America, said a $480m provision relating to the restructuring programme contributed to a third-quarter loss of $452m, or $3.43 a share.

A year earlier, it posted net income of $65m, or 50 cents.

Federated Department Stores posted net income of $20.3m, or 18 cents, after taking a one-time charge of $15m for federal tax changes.

If the provision were excluded, earnings would have increased 11.7 per cent to $35.3m, or 28 cents, against $31.6m, or 25 cents, in the corresponding period of 1992.

For Woolworth, sales declined 4.6 per cent to $2.38bn. However, the decline largely stemmed from the poor performance of its general merchandise stores, which recorded a 10 per cent sales slump. By contrast, specialty shops showed a modest 1.8 per cent improvement.

Sales at Federated were virtually flat at $1.78bn. The company, which operates Bloomingdale's, Jordan Marsh, Lazarus and other full-line department stories, said the performance was weaker than expected and blamed it on unusually warm weather this autumn, which depressed apparel sales.

Mr Allen Questrom, Federated's chairman and chief executive, said reductions in operating expenses had enabled it to counter the effect of weak sales and higher price markdowns.

On an operating level, earnings were up 3.6 per cent at $103m, compared with $99.5m a year earlier.

The announcements by Woolworth as well as Federated were in line with Wall Street's expectations and both stocks advanced modestly in morning trade. By mid-day, Woolworth was up $¼ at $21 and Federated added $¼ to $20¼.

CNN owner tumbles in quarter

By Martin Dickson in New York

TURNER Broadcasting System, which owns the CNN television news service, yesterday reported net income of $1m in the third quarter, down from $12.5m in the same period of last year.

The fall was due to the costs of overseas expansion and a $6m extraordinary charge for early termination of debt.

Mr Ted Turner, the chairman, said the company's core business performed relatively well, with advertising revenue up 11 per cent.

"The decrease in profitability is primarily related to investment in new businesses, particularly overseas.

"The impact of this sort of investment is consistent with our past philosophy of sustaining operating losses in the near-term in order to create a valued asset in the long-term."

The company's operating profit dipped from $64.1m to $59.9m on revenues of $501m, up from $456.4m, while earnings per share worked through at zero, compared with 5 cents. Turner's interest burden rose from $46.9m to $48.2m.

Operating profit at the entertainment segment rose 6 per cent to $48m, while the news business was up 22 per cent at $8m, and syndication lost $10m, $6m more than last year.

For the nine months the group reported a $254m net loss after a $306m charge for accounting changes, compared with a profit of $48m.

Linde warns of sharp retreat in fork-lift demand

By David Waller in Frankfurt

LINDE, the German engineering group, warned yesterday that group profits for 1993 would be hit by a drastic downturn in demand for fork-lift trucks and other materials handling machines.

For the nine-months group sales dropped to DM5.17bn ($3.07m), 4.1 per cent down on the previous year, while order intake fell 2.7 per cent to DM5.26bn. For the whole year group sales would be around DM7.2bn, 5 per cent down from last year, Linde said.

Turnover in the materials handling division fell 17 per cent and orders 16.8 per cent in the nine months, after stripping out the effect of last year's purchase of Fiat OM Carelli, an Italian fork-lift truck maker.

Arthur Andersen posts 8% climb in fee income

By Andrew Jack

ARTHUR Andersen, the accountancy firm, yesterday announced fee income up 8 per cent to $6bn in the year to August 31.

The figures relate to the global results for Arthur Andersen & Co, the Swiss-based organisation. They included a 6.6 per cent rise to $3.2bn from Arthur Andersen, the accountancy firm, and a 10 per cent rise to $2.8bn for Andersen Consulting.

Mr Lawrence Weinbach, managing partner-chief executive of the firm, who was in London for its annual partners' meeting, said the results reflected the firm's focus on "consistent high quality client service".

He said that revenues would have been up by 11 per cent at 1992 exchange rates, but that the increase was less marked because of a strengthened US dollar during the year.

In line with its normal practice, the firm refused to provide any information on its profits. It argues that it is under no obligation to issue this information, has no outside investors and that the figures would be misinterpreted.

The firm increased staff during the year to 65,591 from 59,680 and partners to 2,487 from 2,454. It increased the number of offices to 350 in 72 countries from 318.

The global results included a 12 per cent rise in revenues from the UK firm, up to £407m. It would not split the figures between Arthur Andersen and Andersen Consulting. Revenue was $3.3bn in the Americas, $2.2bn in Europe, Middle East, India and Africa, and $531m in Asia/Pacific.

Property groups to invest in Mexico

By Stephen Fidler in London and Damian Fraser in Mexico City

PROPERTY companies run by Mr George Soros and Mr Paul Reichmann have confirmed their intention to go-ahead with $1.05bn in real estate developments in Mexico City, city officials said yesterday.

They said they expected construction to start immediately and take four to five years to complete. The three projects involved – developments in Santa Fe, Alameda and twin tower blocks on the city's main avenue, Paseo de la Reforma – include office, housing, and hotel developments.

Details of the exact participations would be settled in December, but city officials said more than 50 per cent of the investment was expected to come from foreign sources.

Mr Manuel Camacho, Mexico City's mayor, described the investment as "a vote of confidence in the Mexican economy and the economic reforms of the Salinas government". He said it was "a long-term project indicating confidence in the long-term future of Mexico".

The announcement was made yesterday with Mexican financial markets highly nervous over the North American Free Trade Agreement, which is expected to be voted on by the US House of Representatives next Wednesday.

Mexico's stock market shot up 4.2 per cent by noon yesterday, after the perceived victory of US vice-president Al Gore over Texan billionaire Ross Perot in Tuesday night's debate on the North American Free Trade Agreement.

Trizec delays vote on plan for shake-up

By Bernard Simon in Toronto

TRIZEC has delayed a vote on its C$1.3bn (US$926m) debt-restructuring plan to give securities holders more time to evaluate proposals made by the Calgary-based property developer.

The company said yesterday that meetings to approve the plan, which were scheduled for December 7, will not be held until at least early-1994, and may be postponed well into the new year.

Trizec initially hoped, when it published its proposals in August, to complete the restructuring by late-October.

But Mr Derrick Tay, a lawyer who represents an informal committee of debenture holders, said yesterday: "We cannot be rushed."

The seven-member committee includes representatives of Union Bank of Switzerland, Commerzbank, Westdeutsche Landesbank and Canadian institutions. Many of the debentures, however, are in bearer form, and their holders cannot be easily traced.

Trizec has debts totalling C$5.4bn. The plan is designed to relieve a heavy debt-servicing burden over the next two-three years by converting senior and junior debentures as well as preferred shares into common equity.

Novell gains OS market foothold

By Wendy Goldman Rohm in Chicago

NOVELL, the US software company, and Zenith Data Systems, the personal computer subsidiary of Groupe Bull of France, have reached an agreement which should give Novell a toe-hold in the market for personal computer operating software.

The operating system (OS) is the software program that controls the basic functions of a computer. The OS market is dominated by Microsoft of the US, which charges manufacturers a licence fee for each computer sold with its MS/DOS system. Most of the world's 90m personal computers run MS/DOS. Apple personal computers are the major exception.

In January, however, Zenith is set to launch a line of personal computers, called Personal Servers, pre-loaded with Novell's DOS software, a program that directly competes with Microsoft's MS-DOS.

Analysts said the move would represent a significant breach of Microsoft's control over the PC operating system software market.

A broader deal, being evaluated by Groupe Bull's Zenith as well as Packard-Bell, the US PC manufacturer in which Bull last year acquired a 19.9 per cent stake, could enable Novell to encroach still further into Microsoft's territory.

ZDS is considering pre-loading Novell's latest version of DOS on its desktop PC products; PC buyers would be given a choice of using the Microsoft or Novell operating systems.

No PC maker has yet pre-loaded its machines with Novell DOS. Computer companies say that is because they are already locked into contracts with Microsoft that require them to pay a royalty fee on every machine they ship.

Microsoft, however, asserts that its licensing policies apply to particular PC models, rather than to the full range of a PC manufacturer's products. A spokesman also noted that computer makers can opt to license Microsoft software on a per copy basis, if they choose.

With Novell apparently offering more favourable terms than Microsoft for DOS programs, other PC manufacturers are expected to watch Zenith's moves closely.

Mr Raymond Noorda, Novell chief executive said: "These manufacturers are in a low margin business. They want to get computers out the door and make a penny on every one of them.

"They cannot fool around with large dollar issues on the costs of what they ship. Paying Microsoft a royalty is a significant part of the total cost."

Zenith is understood to have spent months searching for a loophole in its Microsoft DOS licensing contract to ensure it would not owe royalties to Microsoft for its new Personal Servers. The contract stated that royalties would not be owed on machines that could not run Microsoft DOS. Zenith engineers made sure this would be the case for the new computers.

While allowing computers on a local area network to run existing software, the Personal Server, which controls the network, will be driven by Novell DOS. PC users on the network need not know nor care which operating system is running on the Personal Server, experts say.

Adia announces deep loss and rights issue

By Ian Rodger in Geneva

ADIA, the Swiss temporary employment agency group, reported deepened losses in the first nine months of the year. It blamed high interest charges but said its equity would be boosted by SFr200m ($24m) in its second capital restructuring in less than a year.

The group also revealed that German retailer Asko Deutsche Kaufhaus had agreed to sell its Adia stake to Mr Klaus Jacobs, giving Mr Jacobs a controlling 56.2 per cent holding.

Adia's operating profits in the first nine months were SFr33.4m, compared with a loss of SFr83m in the same period of last year. Net loss jumped to SFr112.2m from a loss of SFr70m, but the group forecast it would break even in the fourth quarter.

It said the increase in operating profits reflected rising demand in the US, Britain and Australia, and cost-saving measures in Europe and Japan.

The capital restructuring plan raises SFr100m through a rights issue underwritten by Mr Jacobs. An additional SFr100m would be created by the conversion of loans held by a banking consortium led by Credit Suisse. A representative of the banking group would take a seat on Adia's board of directors.

Adia would also propose at an annual meeting on December 2 that holders of its participation certificates swap them into bearer shares.

● Sulzer, the Swiss engineering and medical equipment group, said its order intake of SFr4.4bn in the first nine months of 1993 was 3.3 per cent lower than in the same period of last year. It expected full-year net profit to be similar to last year's SFr168m.

Goodrich to acquire Rosemount Aerospace

By Laurie Morse in Chicago

B.F. GOODRICH, the Ohio-based specialty chemical and aerospace company, is to acquire Rosemount Aerospace from the Emerson Electric Company for $300m in cash, pending regulatory approval.

The acquisition is the largest in Goodrich's history, and strengthens the company's position as a producer of intelligent aircraft monitoring systems.

Analysts said the sale by Emerson reflected continuing consolidation in the US aerospace industry.

Rosemount Aerospace, based in Burnsville, Minnesota, posted fiscal 1993 sales of $130m and has 1,200 employees, with manufacturing facilities in Minnesota and Bognor Regis, UK.

Mr David Burner, president of B.F. Goodrich Aerospace said: "This acquisition is a significant step in our planned growth as a developer and integrator of aircraft systems."

Goodrich employs 12,000 and had sales of $1.6bn in 1992. Its aerospace division reported operating income of $37.4m in the third quarter, on sales of $243.2m.

● Huntsman, the US's largest privately-owned chemicals group, yesterday continued its acquisition campaign with the purchase of two American businesses of Monsanto. The transaction price was not disclosed, writes Paul Abrahams.

The operations, with a combined annual turnover of $200m, manufacture linear alkyl benzene, used in detergents, and maleic anhydride, a chemical contained in bathroom fixtures, mouthwash and artificial sweeteners.

Western Mining warns of flat results

By Nikki Tait in Melbourne

WESTERN Mining Corporation, the large Australian minerals and metals group dogged by recent controversy, told shareholders yesterday it expected flat first-half profits.

"We expect that the financial result for the first half of 1993-94 will be comparable to the first of last year," Sir Arvi Parbo, chairman, said at the annual meeting in Melbourne. He said it was not possible to predict the full-year result yet, and declined to forecast when metal prices might show any significant turnround.

Last year, WMC saw pre-tax operating profit fall 23.8 per cent, to A$156.6m (US$105.1m). Profit after tax and abnormals was A$64m.

At a packed meeting, the chairman faced a barrage of critical questioning from representatives of the Australian Shareholders' Association. Topics included the presentation of the company's results, disclosure of accounting principles, and the cost and current valuation of the group's investments in North America.

One shareholder also wanted to know why "heads had not rolled" over the Ernest Henry deposit debacle earlier this year, which led to WMC losing control of the rich copper-gold deposit in northern Queensland, and paying out A$20m in legal settlement expenses.

The problem arose when it emerged that WMC employees had trespassed on a lease held by another mining company to gather data, and then withheld the result while arranging an option deal over the area.

"The reason why heads didn't roll was that there wasn't any intent to deceive, any dishonesty," said the chairman. He added that it would have been "against the interests of the company to lose people with high levels of expertise".

■ WMC also told shareholders the WMC Finance arm had raised US$400m through the issue of two tranches of debt securities in New York. The capital-raising involved $250m of notes due 2003.

Takeda ahead at halfway stage

By Emiko Terazono in Tokyo

Pharmaceuticals

JAPAN'S leading drug companies managed to sustain earnings for the first half to September, due to firm sales of drugs with wide profit margins and aggressive cost-cutting efforts.

Takeda Chemical Industries, the industry leader, said its profits grew on brisk sales of new drugs, although pharmaceutical sales remained almost flat.

Healthcare items, including its wide variety of "pep" drinks, fell 10.2 per cent due to the cold summer, while sales at its chemicals division were hit by a fall in demand from the electronics and car industries, declining 4.5 per cent.

For the full year to March, Takeda expects unconsolidated sales to remain flat at Y565bn ($5bn), and pre-tax profits to fall 3.2 per cent to Y75bn.

Yamanouchi Pharmaceutical said pre-tax profits for the first half fell due to the fall in interest income as interest rates declined. However, operating profits were up 4.5 per cent to Y26.7bn due to brisk sales of its ulcer drug and a new diuretic compound.

The company expects full year non-consolidated pre-tax profits to rise 0.8 per cent to Y57.5bn on a 6.7 per cent increase in sales to Y260bn.

Fujisawa Pharmaceutical posted firm non-consolidated pre-tax profits, but on an after-tax level saw a 44.9 per cent plunge to Y1.8bn due to an extraordinary loss on shareholdings of its unprofitable US subsidiary.

However, the company said firm sales of antibiotics helped overall sales.

For the year to March, Fujisawa expects parent company pre-tax profits to rise 1.1 per cent to Y236bn and sales to remain flat at Y236bn. After-tax profits are expected to increase by 2.2 times to Y3bn.

The company revised up its consolidated forecast for the year, due to a pickup in earnings at Fujisawa USA. The company expects a 28.5 per cent rise in consolidated pre-tax profits to Y18bn instead of an initial forecast of a 7.1 per cent fall to Y13bn.

Shionogi said its cost-cutting efforts lifted unconsolidated operating profits by 23.7 per cent to Y9.2bn.

Although it saw increased sales of its allergy formula, overall sales remained flat due to sluggish revenue of its antibiotics. For the full year, it expects a 11.1 per cent rise in pre-tax profits to Y24bn on a 0.4 per cent increase in sales to Y239bn.

Eizai saw a 4.2 per cent rise in its pharmaceutical division thanks to firm sales of its ulcer drug.

Full year pre-tax profits for the parent company are expected to rise 2 per cent to Y32bn on a 2.4 per cent increase in sales to Y224bn.

Daiichi Pharmaceutical said it will raise its interim dividend by Y1 per share to Y7 and annual dividend by Y2 to Y14 as it pledged to raise its payout ratio on its bond issuance last April.

The company saw a jump in sales of its antibacterial drug and antihypertensive compound. However, the yen's appreciation caused a foreign exchange loss of Y800m. For the year to March, Daiichi sees unconsolidated pre-tax profits rising 1.8 per cent to Y38.5bn on a 4.3 per cent sales increase to Y210bn.

JAPANESE DRUGS COMPANIES
Interim results 1993

	Sales (Ybn)	Change %	Profits (Ybn)	Change %
Takeda	282.1	0.8	[illegible]	[illegible]
Yamanouchi	128.4	+7.2	[illegible]	[illegible]
Fujisawa	[illegible]	[illegible]	[illegible]	[illegible]
Shionogi	[illegible]	[illegible]	[illegible]	[illegible]
Eizai	[illegible]	[illegible]	[illegible]	[illegible]
Daiichi	104.2	+2.3	[illegible]	[illegible]

Source: Company reports

Mitsubishi Estate pre-tax falls

By Robert Thomson in Tokyo

MITSUBISHI Estate, the Japanese property developer and agent, reported a 5.3 per cent fall in pre-tax profit to Y30.98bn ($286m). This was despite a 43 per cent increase in first-half sales following the recovery of domestic demand for apartments.

Japanese property companies have been forced to discount rents and selling prices on new buildings, as a surge in construction during the past four years has left larger cities with a glut of commercial and luxury residential properties.

Mitsubishi is fortunate in having large holdings in the Otemachi business district of Tokyo. However, more recently, it has ventured into new areas, including Yokohama, where prices and rents have fallen sharply.

Sales for the period were Y204.3bn, up from Y142.5bn in the first half last year. Apart from an increase in demand for standard apartments, rent income was boosted by the completion of two large complexes, though profits were eroded by the resulting increase in depreciation charges.

For the full year to March, Mitsubishi Estate is forecasting sales of Y430bn, against Y349bn last year, and a pre-tax profit of Y50bn, compared with Y70.6bn. Net profit is expected to be unchanged at Y37bn.

Indian share discounting opposed

By Shiraz Sidhva in New Delhi

INDIA'S main financial institutions have opposed a move by some Indian companies to consolidate their holdings through preferential share allotments at prices lower than those prevailing in the stock market.

The heads of India's largest financial institutions met officials from the finance ministry and the central bank this week to stress the need for a rational policy on preferential share pricing.

Financial institutions have agreed that neither Indian promoters keen to strengthen control of their companies nor multinationals seeking enhanced equity should be allowed differential share-pricing to the extent that other shareholders are heavily disadvantaged.

The meeting follows the decision last month not to allow the founding family of Mahindra and Mahindra, a Bombay-based vehicle and heavy engineering goods manufacturer, to buy stock at less than one-third the market price. The institutions were not averse to preference allotments at reasonable discounts.

Carter Holt boosts interim net profit

By Terry Hall in Wellington

FORESTRY group Carter Holt Harvey yesterday announced a "significant improvement" of 47.1 per cent in net profit to NZ$165.3m (US$90m) in the six months to September 30.

The company is controlled by a joint venture between International Paper of New York and Brierley Investments, with 65 per cent of its shares held publicly.

Directors said that the forestry and wood products sector achieved earnings before interest and tax of NZ$145.6m, a rise of 146 per cent over the same period of last year.

Sales grew 36.9 per cent to NZ$536.6m.

Record high prices for export logs to Asia led to substantially higher profits in forestry. The group also benefited from increased construction which meant adjusting local prices for panels and building supplies to reflect export values.

Swedish steel group moves back to profit

By Hugh Carnegy in Stockholm

FIRMER prices and lower processing costs helped SSAB, the Swedish steel group, swing to a pre-tax profit of SKr353m ($43m) in the first nine months from a SKr125m loss in the same period last year.

The company said it expected a full-year profit of around SKr600m, a dramatic rebound from losses last year of SKr165m.

SSAB, which was privatised last year, said it had benefited from the price rise in Europe after European steelmakers cut production in response to a 10 per cent fall in consumption.

The price effect was enhanced for SSAB by the devaluation of the Swedish krona, which left prices for the group's products 5 per cent higher in krona terms in the first nine months than in the same period last year.

Higher steel prices were the main factor behind a 6 per cent rise in sales to SKr9.38bn. At the same time SSAB said it achieved a 4 per cent cut in processing costs through improved productivity and capacity adjustments and a 5 per cent cut in employee numbers to 9,500.

SSAB said demand for steel in western Europe would remain weak for the rest of the year and price trends would depend on levels of output.

But it made its full-year forecast based on the group's improved efficiencies and the lower krona.

The biggest division, Tunnplat steel plate, fell from a loss of SKr113m in the first nine months of 1992 to a profit of SKr27m this year, on sales up 10 per cent to SKr4.56bn. Group net cash flow improved from SKr70m to SKr188m.

One-off charges of SKr80m to cover a blast furnace breakdown and the reinstatement of 200 workers ordered by the Swedish labour court were in large part offset by a capital gain of SKr40m from sales of shares in Volvo and Sydkraft.

OK Bazaars to be delisted after poor six months

By Philip Gawith in Johannesburg

OK BAZAARS, once South Africa's leading discount department store, is to be delisted after more than 60 years on the Johannesburg stock exchange. The decision by the company's owner, South African Breweries, follows a poor half-year in which OK Bazaars ran up a bottom line loss of R40m ($12m).

The move was revealed yesterday as South African Breweries, the country's largest consumer company, announced its interim results. The group overcame a difficult operating climate to record a 12 per cent increase in attributable profit to R283m in the six months to September from R252m a year ago.

Mr Meyer Kahn, chairman, said that although South Africa's protracted recession appeared to have levelled out, it had seriously weakened private consumption expenditure. The group did, however, manage to increase turnover by 10 per cent to R11.8bn.

Pressure on margins, however, saw trading profit rise by only 8 per cent to R971m, but lower rates of interest and taxation helped boost attributable earnings.

Earnings per share rose by 11 per cent to 103 cents from 93 cents and the dividend was increased by a similar amount to 39 cents from 35 cents.

Mr Kahn said the short-term prospects for the economy remained highly uncertain, with progress towards elections next April sure to be accompanied by disruption. Although not predicting growth "of any consequence" until late-1994, the group is seeking to maintain the current level of performance for the remainder of the financial year.

An indication of the severity of the recession is the fact that beer volumes fell slightly compared to the same period in 1992, a rare occurrence in the industry. Beer division profits, however, rose by 12 per cent to R207m.

The group's other interests – ranging from furniture and clothing to hotels and glass – also increased their contribution by 12 per cent, to R76m (R68m). This figure, however, disguises some uneven performances.

Earnings per share at Plate Glass rose by 74 per cent, while furniture company Afcol, appliances group Lion Match and clothing retailer Edgars all performed well. Furniture, footwear and clothing group Amrel, however, made increased losses.

Tiger Oats increases net income by 7%

By Philip Gawith

A LOWER tax bill helped Tiger Oats, South Africa's largest food group, record a 7 per cent increase in attributable income to R357m ($106m) in the year to September, up from R335m last time.

Low levels of consumer spending continued to place pressure on margins. Turnover grew by 9 per cent to R10bn, but operating income fell by 3 per cent to R659m. Earnings per share rose by 3 per cent to 237 cents and the dividend was increased to 82 cents (79 cents).

The management is not expecting improvements in its markets in the year ahead, but expects to post better results on the basis of improved operating efficiencies. Mr Robbie Williams, executive chairman, forecast "reasonable earnings" for 1994. Although still regarded as a blue chip stock, the share has fallen out of favour recently, falling to a current level of R41.50 from a high earlier this year of R50.

Mr Williams said Tiger Foods had suffered from recession with both sales volumes and prices under pressure.

INTERNATIONAL CAPITAL MARKETS

Prices data dismay spurs long-dated Treasuries fall

By Patrick Harverson in New York and Sara Webb in London

LONGER-DATED Treasury prices fell yesterday morning in the wake of a consumer prices report that failed to live up to the US bond market's most optimistic expectations.

By midday, the benchmark 30-year government bond was down 3/16 at 100 13/16, yielding 6.184 per cent. At the short end of

GOVERNMENT BONDS

the market, the two-year note was down 1/32 at 99¾, to yield 4.125 per cent.

After Tuesday's surprisingly weak producer prices figures, traders and investors had hoped the October consumer prices data would prove equally bullish for fixed-income securities. In the event, however, the government reported that the consumer prices index rose by 0.4 per cent last month.

Although this was broadly in line with most analysts' forecasts, disappointment that the PPI number was not as encouraging as the CPI figure sparked early selling by dealers.

The declines at the long end worsened later in the morning, when commodities prices began to inch higher. Cautious trading ahead of the afternoon auction of $11bn of 10-year notes also contributed to the market's early weakness.

■ EUROPEAN markets again took their cue from the US in the absence of striking domestic news, and the release of a disappointing CPI figure for October dragged the main fixed-income markets down in afternoon trading.

■ GERMAN paper dropped on the combination of the US CPI news and further supply in the form of 10-year Treuhand bonds. The Bundesbank's decision to shave one basis point off its repo rate – from 6.39 per cent to 6.38 per cent – barely caused a ripple as it was roughly in line with the market's expectations.

The bund futures contract opened at 99.77 and traded in a range of 99.43 to 99.78, with the US news taking the futures down to the low of the day. By late afternoon, the contract was trading at 99.50.

Dealers reported little outright buying of the new Treuhand bond, saying that investors continued to switch out of existing Treuhand issues into the new bond instead.

■ HIGH-YIELDING European bond markets opened on a strong note, but slipped back on the US figures.

The Italian market was given an initial boost by the the previous night's progress on the 1994 budget. The senate passed a key part of the budget on Tuesday night, and dealers said it was widely expected now that the full budget – which aims to cut L31,000bn from next year's deficit – will be approved by the end of the week.

Traders noted two-way movement in Italian bonds, with some participants worried about the general political background and prospect of new supply over the next few days. Others, meanwhile, were more optimistic in view of the progress made on the budget.

The BTP futures contract, which closed at 114.90 on Tuesday, jumped to a high of 115.27 early in the day, but slipped back to 114.84 by late afternoon.

■ LONG-DATED UK government bonds slipped back a quarter of a point, while short-dated issues lost about 1/8, with the US inflation news providing the highlight of the day. "We try to be independent until lunchtime, and after that we're slaves to the US," said one dealer.

Traders expect the gilt market to go through something of a lull ahead of the November 30 Budget. The Liffe gilt future, which closed at 114.06 on Tuesday, was trading at 113.29 by late afternoon.

Index-linked gilts saw some of the biggest losses on the day, falling up to half a point.

■ JAPANESE government bond futures rallied strongly again and closed at a new six-year high. The December futures contract opened at 115.28, peaked at 115.44, and closed at 115.36, its highest level since June 12, 1987.

The finance ministry held an auction of Y500bn of 2.4 per cent four-year paper, the first such sale of four-year debt since 1988. It sold the bonds at an average yield of 2.308 per cent.

According to Tokyo Trust International, the auction "did not go as well as planned, as major observers stayed away and the issue was bought by a handful of brokers and banks".

FT FIXED INTEREST INDICES

	Nov 10	Nov 9	Nov 8	Nov 5	Nov 4	Year ago	High *	Low *
Govt.Secs (UK)	102.58	102.81	102.30	102.28	102.86	95.54	103.60	93.28
Fixed Interest	123.28	123.72	122.92	123.35	124.01	110.09	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Nov 9	Nov 8	Nov 5	Nov 4	Nov 3
Gilt Edged Bargains	205.6	181.8	112.7	80.9	88.1
5-Day average	119.8	98.3	95.4	92.9	105.3

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	121.1929	-0.369	6.53	6.55	6.67
BELGIUM		[illegible]	03/03	113.1000	-0.450	7.04	7.08	7.30
CANADA *		7.500	12/03	106.2000	-0.025	6.78	6.91	6.77
DENMARK		8.000	05/03	110.6000	-0.100	6.44	6.40	6.51
FRANCE	BTAN	5.750	11/98	101.3104	-0.130	5.44	5.48	5.67
	OAT	6.750	10/03	104.8400	-0.310	6.06	6.08	6.01
GERMANY		6.000	09/03	100.7750	-0.285	5.89	5.86	5.85
ITALY		10.000	08/03	104.7100	+0.475	9.46†	[illegible]	9.09
JAPAN	No 119	[illegible]	06/99	109.6185	+0.102	2.82	2.81	3.20
	No 157	4.500	06/03	107.2689	-0.002	3.49	3.56	3.82
NETHERLANDS		7.000	02/03	107.9800	-0.290	5.85	5.82	5.83
SPAIN		10.900	06/03	114.0000	-	8.68	8.50	8.87
UK GILTS		7.250	03/98	104-02	-3/32	6.13	6.15	6.25
		8.000	06/03	108-00	-4/32	6.85	6.82	6.84
		9.000	10/08	116-12	-6/32	7.19	7.17	7.16
US TREASURY *		5.750	08/03	101-15	+4/32	5.55	5.61	5.25
		6.250	08/23	100-25	-	6.19	6.08	5.92
ECU (French Govt)		8.000	04/03	110.3500	+0.080	6.50	6.45	6.64

London closing. *denotes New York morning session Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal Technical Data/ATLAS Price Sources

Liffe and OMLX to compete for Mid 250 volume

By Tracy Corrigan

THE London International Financial Futures & Options Exchange (Liffe) and OMLX, the London Securities and Derivatives Exchange, will compete head-to-head for volume on futures and options on the FT-SE Mid 250 index, it was announced yesterday.

The London Stock Exchange yesterday made a surprise decision to award licences to introduce derivatives on the index of medium-sized UK companies to both exchanges. No launch date has yet been set by either exchange.

The confrontation is particularly significant because Liffe products are traded in futures pits, using the traditional open-outcry method, while OMLX is an electronic trading system. The battle will therefore be viewed by proponents of each trading method as a vital test case.

Mr Mark Makepiece, head of indices at the stock exchange, said that to award an exclusive licence to one exchange would have meant "denying the market the right to choose".

The decision was welcomed by some traders as "a courageous step", but others feared that the creation of two rival contracts would split the liquidity of the market.

"I think its a disappointing decision because dual listing is unlikely to be a successful formula," said Mr Michael Heath, a director of Smith New Court, a leading UK equities market-maker.

It is possible that the contracts will co-exist, but most traders think it more likely that one will gain the upper hand. Liffe has several advantages: it already trades FT-SE 100 futures and options; many houses already have teams on the Liffe floor; and it is generally better-known.

But OMLX also has its supporters. It is cheaper, requiring no additional deployment of staff, and some dealers believe that the electronic exchange is ideally suited to trading low volume contracts – they cite Liffe's poor record in equity options to date.

The success of any contract will depend on the level of interest among fund managers, who are expected to use the new contracts for asset allocation and for hedging.

The FT-SE 100 has underperformed the 250 by 11 per cent so far this year, underlining the lack of correlation between the two markets.

The FT-SE Mid 250 index is becoming more widely used by UK fund managers, some of whom now track the FT-SE 350 index (FT-SE 100 and 250) rather than the FT-A All-Share Index.

However, the success of one exchange's contract over another's will ultimately be decided by traders, since fund managers are unlikely to specify which exchange's contracts should be used.

Hydro-Quebec comes with £200m five-year offering

By Tracy Corrigan

DESPITE a heavy flow of deals across a wide range of currencies yesterday, dealers said supply was likely to start abating soon.

Among a variety of small- to

INTERNATIONAL BONDS

medium-sized deals, Hydro-Quebec launched a £200m five-year issue via SG Warburg.

Dealers said there was still appetite for sterling paper among overseas and domestic investors, particularly at the shorter end of the market.

There has been a lack of supply in the five-year area, due to unattractive swap conditions, and the only issues on offer have generally provided only a small yield spread over the gilts market.

However, the Hydro-Quebec deal was criticised for its aggressive pricing. The launch spread of 60 basis points over the 7¼ per cent gilt due 1998 was described as several basis points too tight. Although political worries about Quebec have eased, Hydro-Quebec's credit rating has slipped to A1 from Moody's and to A- from Standard and Poor's.

At the end of trading, the deal was being offered at a yield spread of 62 basis points over the curve.

In the Canadian dollar sector, the spate of longer-dated deals continued, with a C$250m 10-year deal for Crédit Local de France via IBJ International, and a 15-year deal for the European Investment Bank via Wood Gundy. Investors have been searching further along the steep Canadian bond yield curve for higher returns.

Although the Crédit Local deal was launched at a spread of 18 basis points over the 10-year government bond, the spread over the interpolated yield curve between 10 and 30 years was only about three basis points. Consequently, the deal was more attractive to retail investors, who like the 7 per cent coupon, than to institutional buyers.

● IN the Yankee bond market, Zeneca Group, the bioscience business demerged from ICI, launched its second bond issue on Tuesday. It was a $300m offering of 30-year bonds, arranged by Goldman Sachs. A $300m 10-year Yankee bond deal was completed in June.

The proceeds of both deals will be used to repay the bulk of Zeneca's $850m debt to ICI, which falls due in January. The balance will be drawn from existing funds.

● Deutsche Bundespost, the German post office, has established a DM2bn medium-term note programme, arranged by Deutsche bank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Nafinsa, Grand Cayman‡	100	(a)	100.00R	Dec.1998	0.75R	-	Kidder Peabody Intl.
Bayerische Vereinsbank(b)‡	100	(b)	109.90	Nov.1998	undiscl.	-	Kidder Peabody Intl.
Nikkodo Co.(c)§	80	2.25#	100.00	Mar.1998	2.50	-	Nomura Singapore
Banco Inter-Atlantico	60	9.00#	99.486R	Nov.1996	1.125R	+470(4¾%-96)	Banque Indosuez
Banco Itamarati	50	9.125#	99.705R	Nov.1996	1.00R	+475(4¾%-96)	Samuel Montagu & Co.
Citi Investments	50	7.875#	100.81R	Nov.1994	0.50R	+350 (Oct94)	Citibank International
D-MARKS							
SGZ(d)	150	6.125	101.50	Nov.2003	2.50	-	Trinkaus & Burkhardt
STERLING							
Hydro-Quebec	200	6.50	99.69R	Dec.1998	0.25R	+60 (7¼%-98)	SG Warburg Securities
YEN							
GMAC Intl. Finance(e)‡	20bn	(e)	100.00R	Sep.1997	0.20R	-	LTCB International
GMAC Intl. Finance(f)	10bn	3.75	100.058R	Mar.1999	0.325R	-	LTCB International
FRENCH FRANCS							
Crédit Local de France‡	500	(g)	100.00R	Dec.2000	0.60R	-	CCF
CANADIAN DOLLARS							
Crédit Local de France	250	7.00	99.36R	Jan.2004	0.325R	+20 (7½%-03)	IBJ International
European Investment Bank	100	7.00	99.45R	Dec.2008	0.375R	+18 (7½%-03)	Wood Gundy
GUILDERS							
General Electric Capital Corp.	400	6.00	99.65R	Nov.2002	0.25R	+20.2 (h)	SBC Nederland
PESETAS							
Office National du Ducroire	10bn	8.00	101.00	Dec.1998	1.625	-	Banco Negocios Argentaria

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor + 0.25%; minimum 6¾%, maximum 10%. b) Unlisted block trade. Coupon pays 3-month Libor + 2%. c) Fixing: 17/11/93. Callable from 20/3/95, subject to 130% rule, at 103% declining 1% per annum. d) Convertible into FRN on 28/11/95 & 28/11/01 with coupon of 6-month Libor - 0.05% and Nov.2008 maturity. e) Long 1st coupon. Coupon pays 3-month Libor + 0.45%. f) Short 1st coupon. g) Coupon pays 7.25% fixed annual in 1st year and 16.2% - 2 x 6-month Pibor thereafter. h) Spread is over the interpolated yield curve.

BAA secures rail finance

By Daniel Green

BAA, formerly known as the British Airports Authority, has secured the first round of bank financing for its proposed rail link between Heathrow airport, which it operates, and Paddington station in central London.

Japan's Export Import Bank (Exim) has agreed a loan facility of up to £135m towards the £300m cost of the project. BAA said it would use £30m of the facility early next year, with the balance to be drawn "if required". The terms of the loan were undisclosed.

BAA is in talks with about another 30 banks over short- and long-term loans, and is likely to announce a deal soon with the European Investment Bank.

About two-thirds of the financing will be fixed-term over at least 15 years.

The rail link project, called Heathrow Express, is a joint venture between BAA and state-owned British Rail.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on November 10

[illegible]

* No information available - previous day's price
$ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡ three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by International Securities Market Association.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	12	45	21
Other Fixed Interest	3	0	12
Commercial, Industrial	228	306	885
Financial & Property	164	129	634
Oil & Gas	7	19	53
Plantations	1	1	7
Mines	36	30	72
Others	50	40	49
Totals	501	570	1,633

LONDON RECENT ISSUES

EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

pm Price at a premium. For other issues please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Nov. 8
- Last Dealings Nov. 19
- Last Declarations Feb. 10
- For settlement Feb. 21

3-month call rate indications are shown in Saturday editions.
Allders, Aminex, Avesco, Baillie Gifford Tech.Wts., Hanson Wts., LIT Pref., Lucas Wts., Minmet, Mirror Group, P & P, Tadpole Tech.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

November 10 Total Contracts 39,630
Calls 25,989 Puts 13,541
FT-SE Index Calls 7,470 Puts 7,473
Euro FT-SE Calls 2,940 Puts 321
*Underlying security price. †Long dated expiry date.
Equity premiums are based on closing offer prices.
Index options are settlement prices

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Wed Nov 10	Day's change %	Tue Nov 9	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.89	+0.03	128.86	1.88	10.03
2	5-15 years (28)	156.18		156.18	1.74	11.58
3	Over 15 years (9)	177.25		177.34	2.62	10.04
4	Irredeemables (6)	205.42	-0.24	205.92	0.42	13.47
5	All stocks (61)	151.82	+0.01	151.81	1.94	10.93
	Index-Linked					
6	Up to 5 years (2)	189.95	-0.07	190.08	0.54	4.28
7	Over 5 years (11)	186.35	-0.27	186.84	0.84	4.29
8	All stocks (13)	185.81	-0.24	186.28	0.80	4.27
9	Debs & Loans (56)	143.37	+0.19	143.10	2.25	9.75

AVERAGE GROSS REDEMPTION YIELDS

	AVERAGE GROSS REDEMPTION YIELDS		Wed Nov 10	Tue Nov 9	Year ago (approx.)
	British Government				
1	Low	5 years	6.11	6.12	6.82
2	Coupons	15 years	7.06	7.06	8.08
3	(0%-7¾%)	20 years	7.17	7.15	8.35
4	Medium	5 years	6.38	6.36	7.11
5	Coupons	15 years	7.19	7.18	8.47
6	(8%-10¾%)	20 years	7.24	7.23	8.72
7	High	5 years	6.59	6.50	7.36
8	Coupons	15 years	7.39	7.38	8.76
9	(11%-)	[illegible] years	7.41	7.40	8.87
10	Irredeemables(Flat Yield)		7.29	7.27	8.69
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.36	2.32	2.25
12	Inflation rate 5%	Over 5 yrs.	3.16	3.14	3.68
13	Inflation rate 10%	Up to 5 yrs.	1.56	1.53	1.51
14	Inflation rate 10%	Over 5 yrs.	2.99	2.97	3.51
15	Debs &	5 years	7.72	7.71	8.62
16	Loans	15 years	8.14	8.15	9.88
17		25 years	8.29	8.31	9.93

Countrywide back in black as house sales pick up

Estate agency recovery helps Hambros to £41m

By John Gapper, Banking Editor

HAMBROS, the merchant bank and financial services group, yesterday disclosed a 53 per cent rise in interim pre-tax profits, helped by a return to the black by its Hambro Countrywide estate agency chain.

The group, which disclosed its balance sheet for the first time at this stage, made a pre-tax profit of £41.1m (£26.9m) in the six months to September 30. Its undiluted earnings per share rose by 56 per cent to 12.6p (8.1p).

The retail financial services division including Hambro Countrywide made a trading profit of £1.1m (£4.9m loss restated). The group said Countrywide had returned to profitability in June as house sales picked up.

Alan Harper

Sir Chips Keswick: currency markets were not so volatile

Profits from banking activities rose to £40.3m (£37.3m), although the contribution from treasury and capital markets fell slightly. There was a "marked increase" in corporate finance, and loan provisions fell by a third to £6m.

Sir Chips Keswick, chairman of Hambros Bank, said treasury and capital markets activity was slightly down on the levels of last year because currency markets were not so volatile. "I would have said that was a windfall period," he said.

Sir Chips estimated that some 20 per cent of profits in derivatives were from proprietory trading. He said that over time treasury profits would face declining margins, but that it would continue to produce good returns this year.

Direct investment activities traded at a profit of £4.1m (£100,000 loss restated following the listing of Hambro Insurance Services Group).

A profit of £9m from the disposal of a holding in Telematics will be included in the second half.

Mr Christopher Sporborg, chairman of Hambro Group Investments, said the housing recovery had been weaker than hoped, but Hambro Countrywide expected to sell up to 50,000 properties this year, compared with 39,000 last year.

The balance sheet footings increased by £742m from the year end to £6.59bn. This was mainly due to a rise in acceptances, and increased activity in equity clearing on behalf of regional stockbrokers.

The interim dividend on 20p ordinary shares was raised to 4.5p (4.2p).

● COMMENT

Shares fell 24p to 344p amid disappointment at Hambros' failure to benefit as much as others from buoyant trading conditions. Full-year undiluted earnings per share of 30p would give a prospective multiple of about 12. Together with a gross dividend yield of 5.4 per cent, this hardly makes a risky investment. But with weak loan demand, a shaky housing market, and the best of trading profits past, it is hard to discern the source of strong earnings growth.

Boustead sells Singapore subsidiary for £12.8m

BOUSTEAD, the manufacturing group, is selling its 65.4 per cent holding in Bousteadco, its Singapore-based subsidiary, to Jack Chia-MPH, for £12.8m.

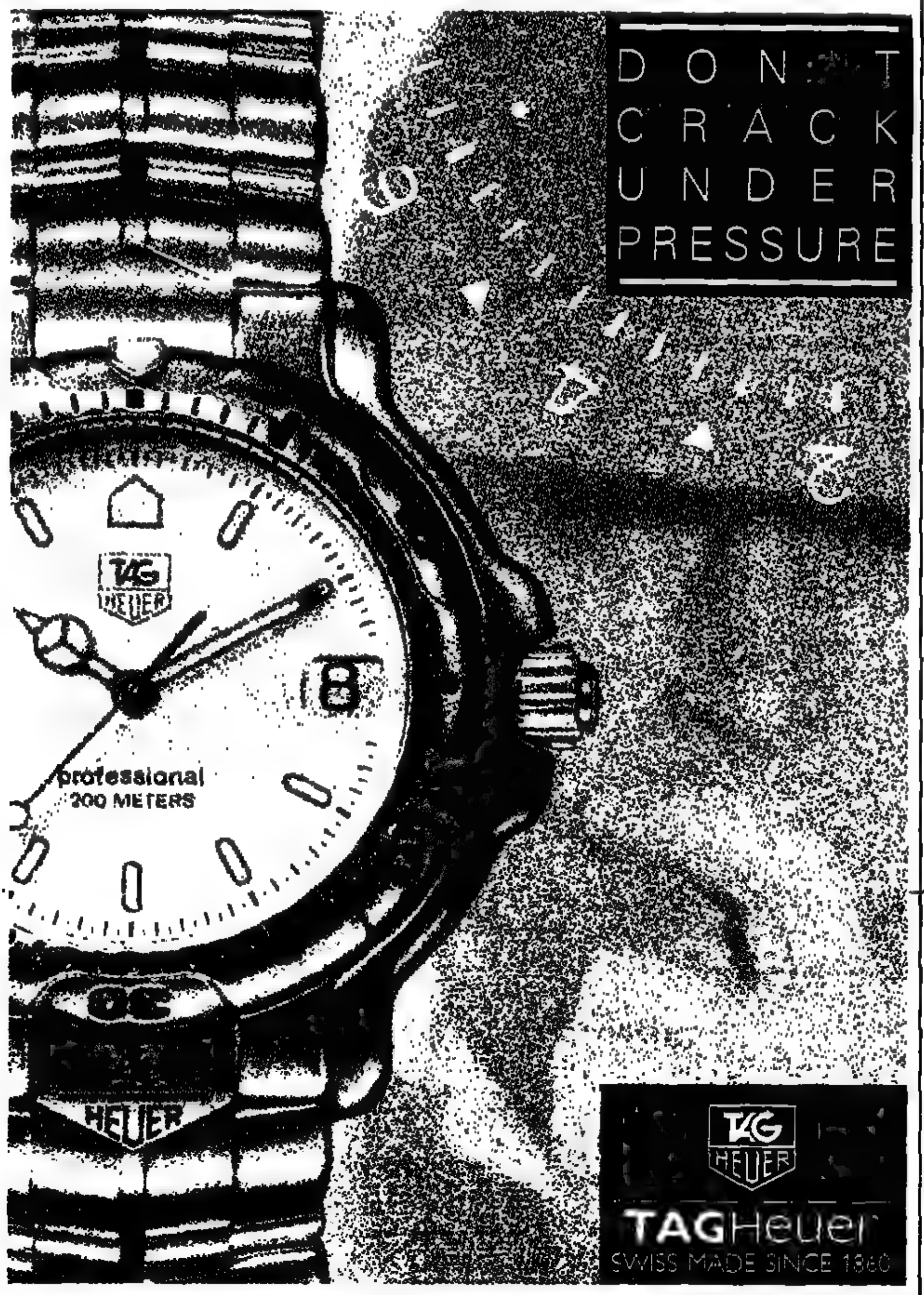
The reasons for the disposal are threefold: to eliminate a position where a substantial proportion of assets are tied up overseas which are difficult to control from London; a chance to refocus operations geographically and financially; and to use the proceeds to pursue acquisitions in the group's core business in the UK and Europe.

In 1992 Bousteadco had sales of £39.3m and pre-tax profits of £900,000. At December 31 the group's shareholding in the company equated to a net asset value of £6.8m.

Restructuring talks at Ossory

The directors of Ossory Estates, property concern, said that they were in advanced negotiations with banks and other creditors concerning a restructuring of the group's finances.

They said that while no assurances could be given as to the successful outcome of these talks "it is hoped that an announcement will be made by the end of the month."



Bibby dives to £7m and omits final dividend

By Peggy Hollinger

J BIBBY & Sons, the conglomerate which is planning to spin off a substantial part of its business to pay off borrowings of £123m, yesterday passed its final dividend as annual pre-tax profits plunged by 78 per cent.

The dive in profits from £32.2m to £7.1m for the year to September 24 wiped 11p from the company's shares to 68p. The share price has fallen from a high of 127p in the last six months.

Sales were 27 per cent higher at £791.5m.

Mr Richard Mansell-Jones, chairman, had little comfort to offer shareholders as he warned that any recovery was not likely to occur in the current year.

However, he was confident of an improvement in Bibby's prospects in the medium term after demerging its science, paper and agricultural products businesses next year. He said existing shareholders could expect a post-demerger dividend of 2p.

Mr Mansell-Jones admitted that the acquisition of Finanzauto, the Spanish Caterpillar distributor bought for £82m last year, had gone seriously wrong. "No one ever envisaged it [the Spanish construction market] would go down this far," he said. The market had "completely disappeared" in Spain.

Bibby's capital equipment division, which distributes Caterpillar in Spain and Portugal, returned sharply higher losses of £18.2m (£1.8m) as a result. Some £7.8m of the increase was due to interest charges following the acquisition of Finanzauto. Mr Mansell-Jones said the group had cut its Spanish workforce by 25 per cent to 1,500, resulting in on-going cost savings of about £6m.

Materials handling enjoyed brighter fortunes, however, returning a 14 per cent pre-tax increase to £15.5m. These two divisions will be renamed Stratford after the demerger. The agriculture, science and paper products businesses will retain the Bibby name. The group aims to raise some £75m from the flotation, which will be used to reduce its gearing of about 70 per cent. Debt fell from £135.5m to £122.8m during the year.

The group's earnings per share fell from 20.09p to 2.26p.

Barlow Rand, the South African group which owns 79 per cent of J Bibby, will retain 79 per cent of Stratford and 20 per cent of the new Bibby.

Glengate makes £80m disposal

Glengate Holdings, the privately owned property development company, has sold the Plaza on Oxford Street, London, W, for about £80m to an undisclosed overseas buyer.

The shopping centre and office development produces an income of £6.69m a year which is expected to rise to £7.5m when current rent reviews are completed and additional space let.

Mersey Docks' rights acceptances

Mersey Docks and Harbour Company has received acceptances for 22.2m shares (92.4 per cent) of its rights issue. The balance was sold in the market at an average 420.4p, against the 330p rights price.

ISSUE NEWS

Badgerline float price set at 115p

By Andrew Bolger

BADGERLINE Group, the Avon-based bus company which is coming to the market this month, yesterday fixed its flotation price at 115p a share – valuing the group at £99.3m.

The group is forecasting earnings of 8.4p per share for the year to December 31, giving a prospective multiple of 13.7.

The board is also indicating a notional dividend of 4.1p, for a gross yield of 4.5 per cent.

A total of £47m is being raised, including £9m for the benefit of certain existing shareholders, of which £31m is being placed with institutions and £16m being offered to the public.

Badgerline has grown into one of the biggest providers of local bus services. The company began as a £3m buy-out from the National Bus Company in 1986, and now operates 2,300 buses and coaches in the Midlands, South Wales and the south of England.

The flotation is sponsored by Lazard Brothers, with Cazenove as brokers. The offer will close on November 19 and dealings are expected to begin on November 26.

● COMMENT

This pricing offers a yield premium to the market and is pitched at a discount to Stagecoach, the Perth-based bus operator which came to the market in April. Badgerline has taken over seven other former NBC operations and will look to further acquisitions to maintain earnings growth. The group is well organised and there remains considerable scope for consolidation of the many remaining privately-owned and municipal bus companies. To analysts who question whether Badgerline can continue to defy the long-term decline in bus usage, the group points both to its increasing efficiency and the future of environmentally friendly park-and-ride schemes, such as it has organised in Bristol. In the short term, the price seems to have been set at a level which should ensure a comfortable, but not excessive, premium.

Hozelock valuation £60m with pricing at 250p

By David Blackwell

HOZELOCK, the garden equipment manufacturer, yesterday finalised its flotation, pricing the shares at 250p to give the company a higher-than-expected market capitalisation of £59.5m.

Last month, when the company announced record operating profits of £5.1m on turnover of £32.3m for the year to September 30, the capitalisation was expected to be £50m.

Mr David Codling, chief executive, said the company had been "very encouraged by the level of interest from investors."

Hozelock is placing 11.2m ordinary shares with institutions, of which *half* will be subject to a clawback to meet retail demand through intermediaries.

At the offer price pro forma earnings per share were 14.1p for the year ended September, giving a p/e of 17.8. The notional dividend of 6p gives a gross yield of 3 per cent, and is covered 2.3 times.

The flotation will raise £18m net, of which £5.4m will be used to redeem existing preference shares and £8.5m to repay bank and shareholder loans. The remainder will be added to working capital.

The company underwent a £24m management buy-out from Ropner in 1990. It has more than 300 products, and accounts for two-thirds of the UK watering and spraying market.

The group is now owned 14 per cent by its management, with the rest in the hands of institutions. After the flotation the management and institutions will hold 53 per cent.

Mr Codling said the company saw plenty of potential to expand in Europe, where it had built its market share to 2 per cent.

● COMMENT

As with many companies in the recent wave of flotations, Hozelock stands alone in its market sector, making a judgment of its performance difficult. It is dominant in the UK, with 66 per cent of the watering equipment market. While there is probably room for organic growth and broadening of its markets at home it will have to look increasingly towards Europe. In those markets it will be faced with stiff competition from Gardena, the private company that dominates the German market and has annual sales of more than DM300m (£122m). While a strong brand name and sound management since the buy-out are likely to prove attractive to many investors, at a p/e of 17.8 the shares are fully priced.

Litho Supplies gets £50m tag with 190p issue price

By Catherine Milton

A PRICE of 190p a share was fixed yesterday for the flotation of Litho Supplies valuing the company, which claims to be the UK's largest independent distributor of printing products, at £50.3m.

Litho, a £20.7m management buy-out from Pembridge Investments of DRG's Litho supplies business in 1990, is coming to the market by way of a placing and intermediaries offer which will raise £14.2m net of expenses.

The company supplies products ranging from high-technology electronic equipment to conventional consumables to about 10,000 small and medium-sized companies.

About 14m shares are being placed with institutions, with up to 6.18m subject to clawback for the intermediaries offer. The funds will redeem £7.3m in preference shares and repay £4m in mezzanine debt. The balance will reduce other borrowings of £5.5m in secured-term loans.

On forecast pro forma pre-tax profits of £5.17m (£3.4m) for the year to end-December, the issue price gives a pro forma p/e of 14.6 times.

"This is a reasonable price for someone who wants to come into the printing sector. If you look at other prices in the sector such as St Ives, for example, we are coming in at not an unreasonable price," said Mr John Byford, joint managing director.

The total dividend of 6.5p the directors would have recommended for the full year would have given a gross yield of 4.28 per cent. The dividend would have been 2 times covered by earnings per share of 12.97p. A final dividend of 0.7p will be paid for the period to end-December from date of listing. In future Litho intends to pay interim and finals approximately in the proportion of 40 per cent: 60 per cent.

The intermediaries offer closes on November 16 and it is expected that dealings will start on November 22.

● COMMENT

Litho likes to compare itself with the giants of the printing industry which would makes its rating cheap. True, the new flexible, computer-led technology on which Litho is pinning its hopes of growth is likely to find favour with the kinds of small businesses which already patronise the company and in which the large manufacturers have little interest. However, with the new market crowded with computer suppliers Litho will depend more than ever on its established trading relationships.

'Turbulent' trading at Charles Sidney

By Paul Taylor

SHARES in Charles Sidney, the Yorkshire-based Mercedes-Benz commercial vehicle and passenger car dealer spun off by Albert Fisher, ended the first day of trading at their offer price of 210p yesterday.

Trading in the stock was described as "turbulent" with about 6.8m transactions and the price ranging between a low of 85p and a high of 210p towards the close.

The group came to the market through a full placing and public offer.

Over 13.6m shares were placed with institutional and other investors by Panmure Gordon and the public offer of a further 10m shares was 2.7 times subscribed.

Albert Fisher, the food processing and distribution group, has divested Charles Sidney as part of a strategy to refocus the group on its core activities.

FUIT offer oversubscribed

The intermediaries offer for subscription of up to 7.5m ordinary shares in Finsbury Underwriting Investment Trust at 100p per share was subscribed just over three times with some 22.62m shares being applied for.

Applications have been scaled down with intermediaries being allocated about 33.16 per cent of the number applied for.

In addition to the intermediaries offer, 22.5m ordinary shares have been placed firm.

Independent Insurance given £98.5m tag

INDEPENDENT Insurance, the first insurer to obtain a listing since the second world war, yesterday announced an issue price of 225p per share, valuing the group at £98.5m, writes Richard Lapper.

A placing and intermediaries offer by Lazard Brothers and Noble & Co will raise about £25.1m net to fund growth.

The group issued 11.8m new ordinary shares and 400,600 ordinary shares were sold by existing institutional shareholders. Some 6.67m ordinaries are being placed firm and 5.53m are being placed subject to recall to satisfy valid applications received under the intermediaries offer.

● COMMENT

Independent looks to be an attractive addition to the composite insurance sector where it can be compared against larger rivals. The company is tightly managed and tends to focus on specialised areas of the market. Its exclusive focus on the UK might be viewed as a drawback by some investors, especially amid indications that rate competition is returning to the motor market. However, Independent has placed emphasis on underwriting discipline in the past, which ensured it remained in the black between 1990 and 1993. Earnings per share in 1992 amounted to 10.9p putting the shares on an historic p/e of 20.6. A forecast net dividend of 8.25p puts the shares on a prospective gross yield of 4.6 per cent. Overall, the company looks good value against the composites. The shares can be expected to trade to a premium when dealings begin on November 25.

Allders shares up on first dealings

By Maggie Urry

Dealings began in shares of Allders, the department store and duty free retailer, with the shares ending the day at 184p, up from the 170p issue price.

This was regarded as a good premium given the sharp fall in the stock market since the issue, which involved a placing and public offer, was priced. The public offer element had been 2½ times subscribed.

Volume was shown at 21.8m shares.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
ACT Group	int	1.75†	Jan 7	1.75	-	5
Amersham Intl	int	4.4	Jan 4	4	-	13.5
Bibby (J)	fin	nil	-	6.8	2	9.75
Chamberlin & Hill	int	2	-	1.75	-	5.25
Electrocomponents	int	2.5	Jan 4	2	-	7.9
European Colour	int	0.35	Jan 10	0.275	-	0.8
Hambros	int	4.5	Dec 13	4.1	-	14
Henderson Admin	int	12.5	Jan 11	12.5	-	42
Ingham	int	1.75†	Jan 14	1.5	-	6‡
National Power	int	3.75	Jan 19	3.3	-	7.3
Personal Assets	int	0.95	-	0.85	-	1.8
Scottish Value Tst	fin	0.95	Jan 10	1	1.8	1.8
Unigate	int	6	Jan 6	5.7	-	16.1

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡For 15 months.

PUBLIC WORKS LOAN BOARD RATES

Effective November 9

Years	Quota loans* EP†	AH††	Maturity§
1			5¼
Over 1 up to 2	5⅝	5⅝	5¾
Over 2 up to 3	5⅝	5⅝	6
Over 3 up to 4	5¾	5⅞	6¼
Over 4 up to 5	5⅞	6	6⅝
Over 5 up to 6	6⅛	6⅛	6⅞
Over 6 up to 7	6¼	6¼	7⅛
Over 7 up to 8	6⅜	6½	7¼
Over 8 up to 9	6½	6⅝	7⅜
Over 9 up to 10	6⅝	6¾	7½
Over 10 up to 15	7¼	7⅜	7¾
Over 15 up to 25	7⅜	7¾	7¾
Over 25	7⅜	7¾	7¾

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Unigate beats City hopes with £50.3m

By Maggie Urry

UNIGATE raised pre-tax profits by 19.8 per cent in the half year to September 30, to £50.3m, on sales up 2.5 per cent to £1bn. This beat market expectations and the shares rose 6p to 371p.

Operating profits were ahead 27.7 per cent to £49.8m, including £3.8m from acquisitions and £2.4m (£2.2m) from businesses sold.

The dairies division raised profits by 50 per cent to £18.6m, with margins rising from 6.9 per cent to 8.2 per cent, though most of the rise came from integration benefits from acquisitions. Fresh foods profits rose 19.2 per cent to £8.7m, despite retailers' price cuts. Margins were 3.3 per cent (3.2 per cent).

Profits from farm foods, such as bacon and turkeys, rose from £100,000 to £1.2m helped by lower pig prices and the sale of half the pig herd. Higher feed costs had cut margins there. Margins were still low at 0.9 per cent.

Distribution profits rose 47.3 per cent to £10.9m, largely because of the Glass Glover acquisition, although margins fell from 8.5 to 7.5 per cent. The US restaurants suffered a fall in profits from £8.4m to £7.7m, despite a rise in sales, with the fall in dollar terms near 20 per cent. Other activities made £300,000 (£1.2m) including a loss from the US exhibitions business.

Associates, the Dutch Nutricia baby food business, contributed £8.3m (£7.7m) with the rise due to translating profits at a lower sterling rate.

Exceptional costs totalled £700,000. However, this included a £5.9m gain from the release of a provision made in 1991 which was surplus to needs. The fall in sterling added £1.5m to profits.

Earnings per share, excluding exceptionals, rose 23 per cent to 15.5p.

The interim dividend is raised from 5.7p to 6p.

See Lex

Scottish Value assets rise

By Philip Coggan,
Personal Finance Editor

SCOTTISH Value Trust, an investment trust which takes substantial stakes in other trusts in order to provoke restructurings, announced a 62 per cent increase in net asset value per share over the year to September 30.

The trust has more than doubled its share price and net asset value since launch in July 1991. Over the past year there were restructurings at four of its largest 10 holdings, in particular at Drayton Consolidated and the Independent Investment Company, which became Second Consolidated and Ivory & Sime Enterprise Capital respectively.

Mr Bob Borthwick, chairman, said "despite a narrowing of discounts, the company's investment portfolio as a whole still represents an above average discount to the underlying asset values. I am confident there remains within the sector considerable opportunity for Scottish Value Trust."

Net assets per share at end-September were 97.34p (60.08p). The final dividend is 0.95p for an unchanged total of 1.8p. Earnings were 1.78p (1.78p).

Henderson Admin 40% ahead after TR buy

By Philip Coggan,
Personal Finance Editor

A LOSS OF pension fund clients failed to stop Henderson Administration Group, the fund management group, from enjoying a 40 per cent jump in interim pre-tax profits from £6.55m to £9.17m in the six months to September 30.

The company said client withdrawals lost it about £500m of pension fund money. This was "partly due to the expected withdrawals following the Touche Remnant acquisition, partly due to a move to indexation by some clients but also to the residual effects of our previous period of underperformance".

However, funds under management at September 30 were £12.2bn, compared with £7.3bn at the interim stage last year. An important factor in the increase was the acquisition of Touche Remnant, which brought in £2.2bn of funds. Strong stock markets and inflows in the non-pension fund side also helped.

At end-September the company had £4.4bn of pension funds under management, £3.2bn of investment trusts and about £3bn of unit trusts. After the end of the half, the group launched its first investment trust under the combined Henderson TR banner and raised £100m for a Japanese smaller companies fund.

Total revenues for the first half were £30.3m, against £20.6m, which did not include a full contribution from TR. Operating expenses were £22.9m (£16.7m) but the company said the best comparison was with last year's second half figure of £21.3m, which it cited as evidence that it was controlling costs.

Net interest receivable slumped to £944,000 (£2.46m) because of lower interest rates and the cost of the TR acquisition. After tax of £3.1m (£2.82m), earnings per share were 28.23p (21.38p). The interim dividend is being maintained at 12.5p.

IDV buys 21% of champagne producer

By Guy de Jonquières,
Consumer Industries Editor

INTERNATIONAL Distillers and Vintners, Grand Metropolitan's drinks subsidiary, is to take its first stake in champagne production by acquiring 21 per cent of Champagne Laurent-Perrier and 1 per cent of Veuve Laurent-Perrier, its parent company.

Laurent-Perrier, which is privately owned, is the fifth largest champagne brand with about 5 per cent of the world market and sales last year of FFr570m (£66m), 60 per cent of them outside France. The value of the deal was not disclosed.

IDV, which already distributes Laurent-Perrier in the US, Japan, Italy and the Netherlands, will progressively take over distribution of the champagne in some of the roughly 120 other countries in which it is sold.

However, Laurent-Perrier will continue to handle its own distribution in France, Britain and Switzerland.

Mr Bernard de Nonancourt is president of Laurent-Perrier. His family owns 70 per cent of the parent company.

UK side behind 22% rise at Electrocomponents

By Paul Taylor

Colin Beere

Robert Lawson (left), chief executive, with Sir Keith Bright, chairman (centre), and Robert Tomkinson, finance director

ELECTROCOMPONENTS, the electronic, electrical and mechanical components distribution group, yesterday posted a 22 per cent increase in interim pre-tax profits boosted by a steady improvement in the UK operations.

Pre-tax profits in the six months to September 30 increased from £25.4m to £31.1m. Earnings per share grew by 29 per cent to 9.8p (7.6p) and the interim dividend is being lifted to 2.5p (2p.)

Turnover from continuing operations increased from £161.4m to £183.1m, helped in particular by growing sales from the group's new operations in continental Europe. Operating profits from continuing operations increased to £29.7m, against £26.1m last time when the group also recorded a £2.6m operating loss on its now discontinued Misco computer supply businesses.

Sales in the group's core UK-based RS Components business increased by 11 per cent, while productivity gains and lower bad debt costs resulted in modestly improved net margins. RS International sales increased by 40 per cent, underlining the progress made by the group's continental European operations, particularly Radiospares Composants in France, which continued to show strong growth despite the recession.

Mr Robert Lawson, group chief executive, said the performance of the new operations in Europe "vindicated" the group's overseas expansion strategy.

Meanwhile, Electrocomponents ended the period with £51.9m (£36.8m at year-end) in net cash.

Over the next three years it plans to invest £35m to support growth.

◆ COMMENT

The underlying growth in the UK business was ahead of expectations and the push into overseas markets is gaining momentum even though the new European operations are still losing money. Group strategy is to deliver high margin, low volume products to engineers anywhere in the world and the next step may well be a joint venture in India. Cash balances continue to strengthen and will be used to support organic growth in the UK and overseas. This year pre-tax profits should reach £71m generating 22p of earnings and putting the shares on a deserved forward multiple of 20.7. Buy.

BICC in Russian telecoms deal

BICC, the international cables and construction group, has entered into a joint agreement to set up a communication cable business in Voronezh, central Russia.

The new business is a joint venture between KWO Kabel, BICC's German cable-making subsidiary, Svyazstroy, the Russian state-owned telephone cable installation company, and the Cable Research Institute, Moscow.

KWO will take a 25 per cent interest in the enterprise and will provide project management, technical know-how, manufacturing equipment and a training programme for employees. Its input in the form of machinery and expertise is valued at DM10m (£4m).

The factory will start production in 1994 and will employ some 350 people.

Redemption Notice

Nacional Financiera, S.N.C., Trust Division

as Trustee of the Nafin Finance Trust

Guaranteed Floating Rate Notes Due 1997

CUSIP No. 629718-AA5*

NOTICE IS HEREBY GIVEN, pursuant to the Indenture dated as of December 15, 1992 under which the above described Notes were issued that Nacional Financiera, S.N.C., Trust Division, as Trustee of the Nafin Finance Trust will redeem on December 15, 1993 13.085053% of the Outstanding Principal Amount of the Notes, amounting to $20,800,000, on a pro rata basis in accordance with their respective Outstanding Principal Amounts. The amount of principal to be paid with respect to each $10,000 principal is $1,040.00.

On December 15, 1993, there will become due and payable on each Note the above amount, together with interest accrued to December 15, 1993. On and after such date interest will cease to accrue on the Notes (or portion thereof so redeemed).

Payment of the redemption amount plus accrued interest on Bearer Notes will be made upon presentation and surrender of the appropriate coupon to one of the Paying Agents listed below:

Citibank, N.A.
336 The Strand
London WC2R 1 HB
England

Citibank (Luxembourg) S.A.
16 Avenue Marie-Therese
Grand Duchy of Luxembourg
Luxembourg

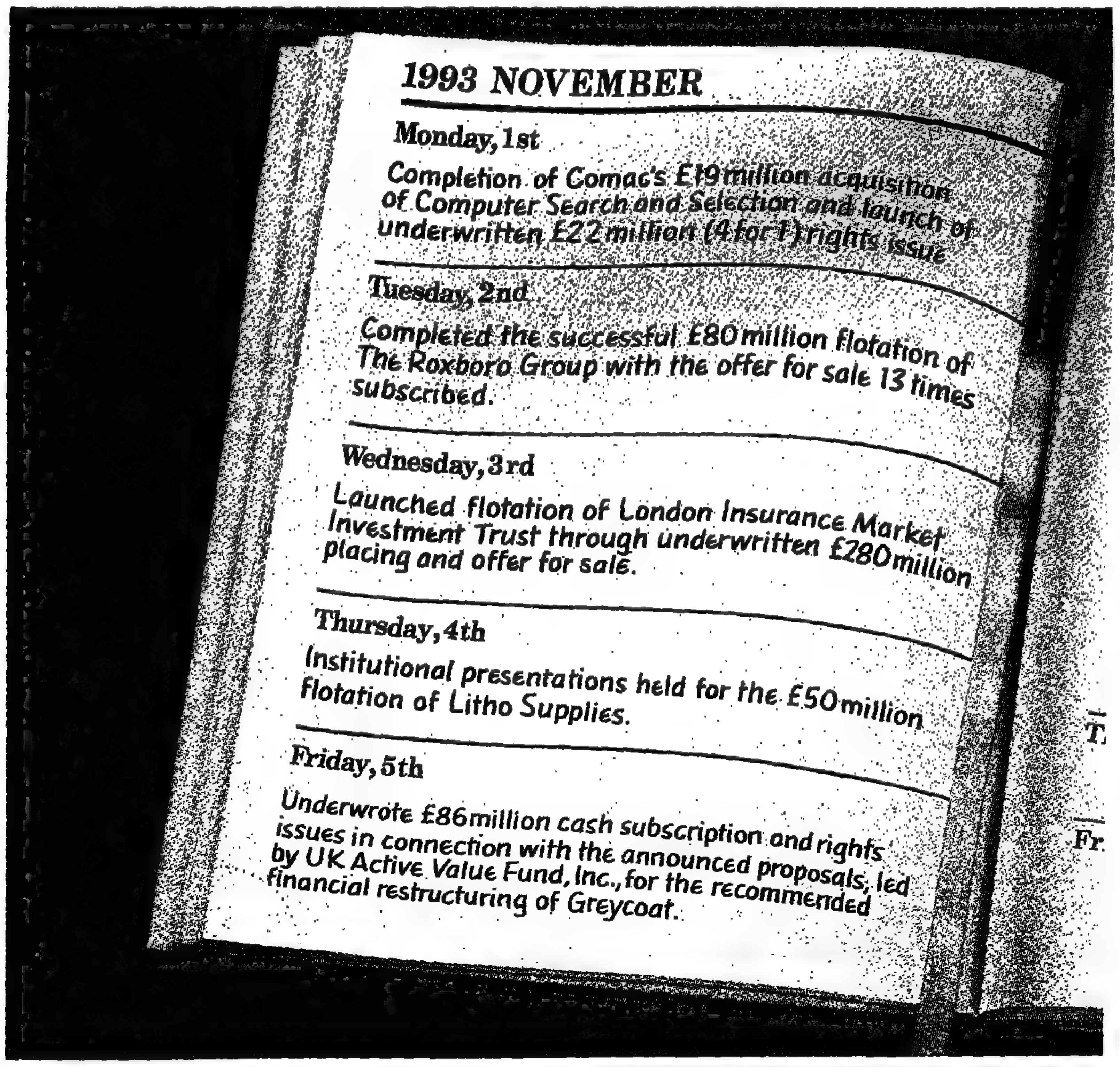
CITIBANK, N.A.
as Note Trustee

November 11, 1993

*This CUSIP number has been assigned by Standard & Poor's Corporation and is included solely for the convenience of the holders. Neither the Issuer nor the Note Trustee shall be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Notes or as indicated in this notice.

NOTICE

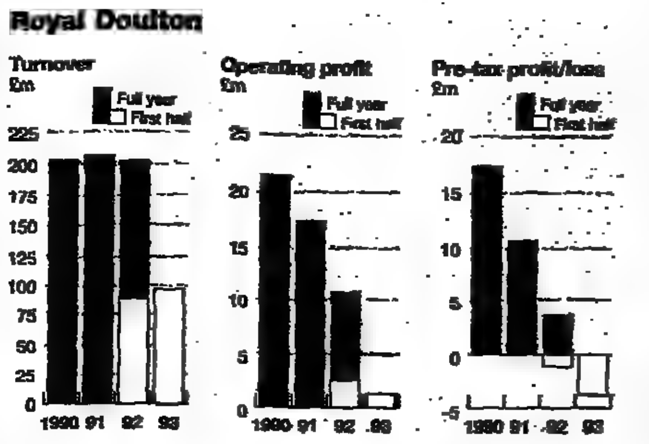
As of January 1, 1993, withholding of 31% of gross proceeds of any interest payment made within the United States may be required by the Internal Revenue Code of 1986, as amended by the Energy Policy Act of 1992, unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.



COMPANY NEWS: UK

Analysts peer into the crystal ball

Peggy Hollinger looks at Pearson's demerger of Royal Doulton



SOBER-suited men and women have been caught peering under the edges of their lunch-laden china plates in recent weeks. As analysts and fund managers, they have been researching the demerger of Royal Doulton from its media parent Pearson, which also owns the Financial Times.

It is expected that their remaining questions will be answered today when the listing particulars are published. These are widely expected to offer investors one Royal Doulton share for every 10 of Pearson's, and are likely to include a Royal Doulton dividend payment to sweeten the deal in addition to Pearson's forecast of a maintained 12p for the year.

The City is awaiting the other details, having so far lacked information in a poorly researched sector. Brokers are expecting heavy trading in the stock immediately after demerger.

Shareholders who bought Pearson for its media potential may not want to hold stock in a much smaller company operating in what is perceived to be a slow moving, luxury goods market. The question is, just how anxious will they be to sell?

Such decisions are likely to hinge in part on whether Pearson and Royal Doulton are able to answer questions over the decision to demerge. "If it was such a good company, it would have been floated, or the management would have got together to do a management buy-out," said one analyst.

Pearson would argue that it is giving the benefits of Royal Doulton to shareholders who will have the choice of staying with a recovery stock or selling it to realise the value.

Analysts are also questioning the timing of the demerger. Pearson says the demerger is part of its decision to focus on media, and any postponement would mean at least a four-month delay.

Although less than two months away from Doulton's year-end, the particulars will not include a profits forecast, partly due to the importance and uncertainty of the Christmas trading period. The offer document, however, is likely to include details of a notional full-year dividend pay-out, which will make the shares attractive on a yield basis.

That attraction will be crucial in light of the group's three-year trading record. Since 1990, operating profits have halved to £10.9m last year, on virtually steady turnover of £201m, while pre-tax profits have collapsed from £17.6m to £3.9m. For the six months to June 30, Doulton incurred pre-tax losses of £3.9m, after £3.2m of exceptional charges, against a £1.1m loss last year.

Royal Doulton's rivals have suffered similar fates. The global fine china market – of which Royal Doulton claims 10 per cent – is estimated to have declined by 20 per cent in the last three years, as both recession and a shift in consumer tastes towards more informal dinnerware take their toll.

This decline has left the other six global players – Wedgwood of the UK, Villeroy & Boch, Rosenthal and Hutschenreuther of Germany, Noritake of Japan, and Lenox of the US, fighting for ever shrinking shares.

However, Mr Stuart Lyons, Royal Doulton's chief executive, is optimistic about the group's quoted future. "We will have the flexibility to determine our own strategy," he says.

Until now, Royal Doulton's strategy has been heavily backed by investment from Pearson. Over the last three years, Pearson has invested significantly more than the £15.3m depreciation charges. The result has been great strides in automating what has always been a labour intensive industry.

This has allowed Royal Doulton to decrease its dependence on the more expensive, traditional china sector and expand into new markets such as selling less expensive bone china to chain stores such as Marks and Spencer and Safeway.

Technology is even being applied to the traditional figurine business. The time to produce a figurine has fallen from 18 days to 12. Royal Doulton has also carved itself a niche in supplying china to the airline and hotel market.

But perhaps the best guide to Royal Doulton's future strategy is the development of its crystal business. Since the 1980s Royal Doulton has formed partnerships with crystal manufacturers abroad who make products according to its specifications. Now more than half of Royal Doulton's crystal is supplied from outside the group.

The implications are obvious for the china business, although it will have the tricky task of balancing some external sourcing with upholding its premium brands.

Observers also speculate that Royal Doulton will find growth by exploiting its brand in the wider home furnishings market.

Other china manufacturers such as Wedgwood have begun to introduce products such as tablecloths and napkins co-ordinated with their china patterns. There is a danger, however, that such moves could take the shine off what is considered a premium brand. "Royal Doulton will have to be careful they do not bite the hand that feeds them," one analyst says.

Even though many of the questions over Royal Doulton's financial structure should be answered today, analysts are expecting heavy initial selling as media investors reshape portfolios.

Thus, says one, logic dictates that to sell immediately would be ill-advised: "It may be worth taking the final dividend and then having another look."

European Colour doubled to £521,000

European Colour, the Stockport-based chemical colour manufacturer, reported pre-tax profits almost doubled at £521,000 for the six months to September 30, against £265,000.

Sales advanced 11 per cent from £6.98m to £7.75m with a 23 per cent rise in Europe. Earnings per share were 1.16p (0.59p) and the interim dividend is being raised to 0.35p (0.275p).

Mr Henry Finchett, chairman said the improving profit trend, which had started to emerge at the interim stage last year, had continued.

Sales growth was the result of its product development programme. Profit growth had been helped by further improvements in production efficiencies.

On prospects, Mr Finchett said demand had declined, particularly in Europe over the last six months, but the company had been able to make up for that by increasing the number of European customers.

Etam calls truce with Oceana

By Peggy Hollinger

ETAM, the fashion retailer, yesterday declared a truce with its erstwhile foe and largest shareholder, Oceana Investment, by appointing to its board two directors from the South African held group.

Mr Keith Miles, finance director, said the appointment of Mr Stanley Lewis and his son Michael as non-executive directors would give Etam the stability it needed to concentrate on its business. "It allows us to focus on the bottom line and not be looking over our shoulders," Mr Miles said.

Oceana is the vehicle for the South African Lewis family, which owns a 50 per cent share in one of the country's leading fashion retailers, Foschini, and 36.25 per cent of Etam. Oceana failed in its hostile £121m bid to take over Etam two years ago and in efforts to get board representation.

Mr Miles said Etam had dropped its resistance to board appointments after it became clear that Oceana backed the current strategy. "It was a realisation that they are not short-term players and that they have decided to support the management," Mr Miles said.

The new directors will form part of the 14-strong Etam board. Oceana intends to continue adding 1 per cent a year to its Etam holding, as allowed by takeover rules.

Reorganised Ingham at £1.5m

INGHAM, the worsted spinner and car parts distributor, returned profits of £1.47m pre-tax for the half year ended September 30.

The car parts division, Transtar International and Moss Europe, acquired in September 1992 and May 1993 respectively, contributed £1.23m.

The comparative figure given of £135,000 stemmed from the spinning and property trading activities.

Group turnover totalled £13.55m (£2.98m), of which car parts contributed £10.26m – the division mainly retails parts for British classic sports cars.

Moss Europe performed well, but Transtar continued to suffer from the recession and the sale of its direct business in the US to Milard which had the effect of reducting its turnover and profits.

Profits of George Ingham, the worsted spinning activity, rose to £115,000 (£85,000) and the company still has a "strong order book".

Exceptional credits of £256,000 (nil) mainly reflected the disposal of Transtar's direct US business.

Earnings emerged at 7.1p (3.1p). An interim dividend of 1.75p (1.5p) is being paid – the directors have already announced their intention to recommend a total of not less than 4.75p.

Acquisition behind 21% rise at ACT to £11.5m

By Alan Cane

ACT, the Birmingham-based computer services company, saw steady progress in the half year to September 30 with the figures boosted substantially by the acquisition of the BIS Group in June.

Pre-tax profits rose 21 per cent from £9.54m to £11.5m. Turnover advanced 49 per cent to £107.6m (£72.1m), of which £24.4m related to the acquisition. Operating profits were £11.5m (£8.76m) helped by a £2.59m contribution from BIS.

Turnover from continuing operations rose 15 per cent while pre-tax profits on continuing operations were flat.

The acquisition of BIS cost £93.5m. There was a net interest charge this time of £9,000, compared with interest received of £788,000. However, the company retains positive net cash balances.

Mr Roger Foster, chairman, said he was satisfied with progress in a difficult six months.Profits from continuing operations had been held back by some reduction at ACT Kindle, part of the banking software activities. Kindle's orders during the half year had grown 18 per cent, but the order backlog was up 69 per cent costing the company sales and profits.

The banking side of BIS continued to show growth year on year of about 20 per cent, chiefly through the continued success of Midas, its branch banking package, and DR1, an electronic dealing system.

The information systems side of BIS had underperformed, Mr Foster said, as orders had slackened during the summer months. A new ACT Business Systems company had been created from Logsys, ACT's systems company and the IS division of BIS.

Mr Foster said he was confident about the second half, traditionally the company's better six months, as activity in the banking sector intensified.

Earnings per share rose to 5.24p (5.01p). The interim dividend remains unchanged at 1.75p.

TR Property £10m debenture

TR Property Investment Trust is to issue, via its subsidiary Trust Union Finance (1991), £10m of debenture stock 2008 by way of a placing, payable in full on November 17 1993.

The issue has been fully underwritten by NatWest Capital Markets, acting as agent for National Westminster Bank, which is also acting as sole placing agent.

The stock will be guaranteed by TR Property Investment Trust and the directors said it was intended that the proceeds of the placing would be used to repay existing unsecured debt of the group and its subsidiaries.

Three investment trust are ready for market

By Philip Coggan,
Personal Finance Editor

THREE new investment trusts are coming to the market as the industry continues to take advantage of the low discount on which its shares trade, and private investor enthusiasm for equities.

Govett High Income Investment Trust is attempting to raise £50m via a placing and offer-for-subscription. The new trust will invest in a combination of UK shares, international high yield bonds and emerging markets to offer investors an initial gross yield of 7 per cent.

The trust is issuing up to 50m ordinary shares at 100p each, with warrants attached on a 1-for-5 basis. Some 34m shares are being placed, with the balance of 16m on offer to the public.

The aim of the trust will be to provide a high and steadily rising income, with the potential for long-term capital growth. More than 50 per cent of the portfolio will be kept in UK equities to ensure the trust qualifies for Personal Equity Plan status; income and capital gains from a Pep are tax-free. Dividends will be paid quarterly.

The minimum investment is £1,000 and dealings in the shares are expected to start on December 3.

Kleinwort Second Endowment Policy Trust will invest in second-hand with-profits endowment policies. It is usually more profitable for policyholders to sell their unwanted policies than to surrender them to the insurance company; the attraction for those who buy the policies is the relatively stable and tax-efficient returns on offer.

Kleinwort is placing 15m shares and is offering a further 5m shares to the public. The issue price is 100p, with 50p payable on application and a further 50p payable in six months' time. The minimum subscription is for 1,000 shares.

Last year, Kleinwort Endowment Policy Trust was launched with a similar investment strategy. Its shares are trading at 114.5p, compared with a launch price of 100p.

The new trust will primarily be buying policies which mature between 2005 and 2006, coinciding with the wind-up of the trust.

The Friends Provid
cal Investment Trust
ing to raise over £3
trust will have a spli
structure, with zero
and ordinary shares. T
will pay no income
have the first claim
assets, and will offer a
rate of about 8 per cent

The ordinary sha
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NEWS DIGEST

Chamberlin & Hill up to £787,000

AN IMPROVEMENT in its light engineering companies enabled Chamberlin & Hill, maker of iron castings, electrical conduit fittings and switchgear, to raise pre-tax profits by 8 per cent from £728,000 to £787,000 in the six months to September 30.

Mr John Eccles, chairman, predicted that given order books were somewhat stronger than at the same time last year, the company expected to make further progress in the second half.

The shares responded with a 7p rise to 185p yesterday.

Trading conditions generally showed a modest improvement during the period, Mr Eccles said. Although inflation at the consumer price level remained low, raw material and electricity prices continued to rise sharply and this was putting increased pressure on foundry margins.

First-half turnover advanced from £9.95m to £10.4m, while interest charges were lower at £70,000 (£96,000). Earnings per share increased from 6.82p to 7.35p and the interim dividend has been stepped up to 2p (1.75p).

Christie back in black with £11,000

Christie Group, the specialist business agency, returned profits of £11,000 pre-tax over the six months to September following three years of first half losses.

The turnround, which compared with a previous deficit of £507,000, was struck from a turnover little changed at £7.62m (£7.57m). Earnings of 0.05p compared with losses of 2.8p.

Christie has no net borrowings and the directors said they were confident the group would emerge from the recession with a "significantly enhanced market position."

Personal Assets shows improvement

Personal Assets Trust raised net asset value to £86.23 per share at the end of October, against £75.18 six months earlier.

Net revenue for the six months increased from £90,000 to £164,000 and earnings per share came out at 1.88p (0.8p). The interim dividend has been raised to 0.95p (0.85p).

Glynwed makes £1.5m German buy

Glynwed International, via its plastics division's Italian subsidiary, Formatura Iniezione Polimeri, has acquired a substantial part of the assets of Sed Armaturen GMBH, of Bad Rappenau, Germany for DM3.78m cash or £1.5m sterling.

The new business has been renamed Sed Ventilsysteme. It employs 20 people, has an annual turnover of DM4.6m (£1.85m) and specialises in the development and manufacture of diaphragm valves and their automatic control systems.

Wyevale Garden calls for £10.9m

Wyevale Garden Centres is raising about £10.9m through a rights issue of 7.54m ordinary shares at 152p each. The issue is on the basis of 2-for-9 ordinary shares and 2-for-1
preference.

The shares fell 4p to 1
181p.

The company, whic
rently trades on the US
applied for admission
Official List and dealing
shares are expected to
today.

It also announced the
sition of Challis Garden
near York for £1.22m in
Wyevale said it was al
sidering other acqui
opportunities and the
proceeds would would en
to respond quickly shoul
materialise.

The issue is fully unde
ten by Morgan Grenfel
brokers are Credit Lyo
Laing.

Foster Wheeler a John Wood ventu

John Wood Group and F
Wheeler have acquired
the JP Kenny group its w
wide engineering comp
other than those in the fo
Soviet Union. The de
worth about £5m, includi
capital injection by the
chasers.

A new company, JP K
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to take over all the spec
pipeline and undersea e
neering services. It has an
mated turnover of £14m fo
first nine months of this y
and about 320 full-time emp
ees worldwide.

John Wood, based in A
deen, is the UK's largest in
enous oil services comp
and Foster Wheeler is the
subsidiary of Foster Whe
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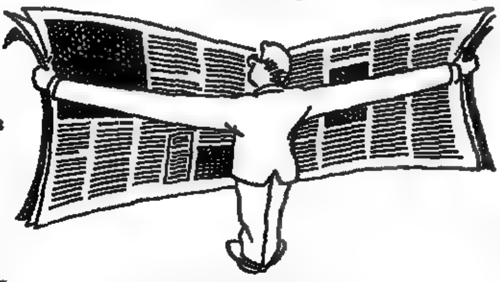
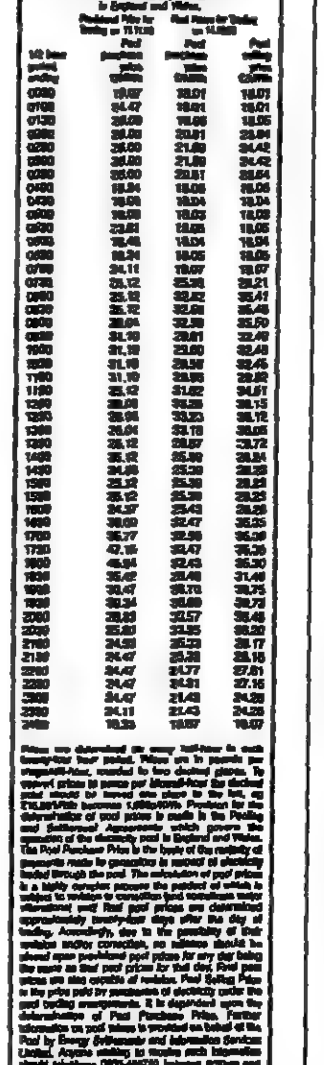





ASIA
AUSTRALIA


NORTH AMERICA
EUROPE
SOUTH AMERICA

Maize prices reach limit as crop estimate slashed

By Laurie Morse in Chicago

MAIZE PRICES in Chicago's futures pit soared to the limit of 12 cents a bushel yesterday, and trade was halted after the market digested figures from the US Department of Agriculture that slashed the estimated size of this year's maize harvest to 6.5bn.

Traders expect prices to go higher today, when limits are raised to 18 cents per bushel.

The USDA's new harvest estimate, released Tuesday, is 30 per cent below last year's record harvest, and nearly 50bn bushels lower than the government's estimate only a month ago.

With production estimates for other coarse grains such as oats, sorghum and barley also near historic lows, livestock farmers and food processors are already wondering where they will find sufficient supplies to meet their needs until next year's harvest.

Last year, the US consumed 6.4bn bushels of maize and exported another 1.67bn.

A 2bn-bushel carryover from last year's harvest had been widely expected to cushion the effects of this year's short harvest. However, Tuesday's revised production estimates have left analysts estimating how high grain prices must go to ration demand.

The USDA trimmed its estimate of US maize use and exports, but the supply situation is still tight.

"We're estimating only 881m bushels in ending stocks this year," said Mr Dick Lowey, president of AgResources, a Chicago consulting firm. "That's the lowest since 1976, and lower than any drought year we've seen."

Mr Joel Karlin, analyst with Kemper Securities, agreed. "There is no room for error," he said, "There just aren't a lot of reserves."

Soyabean prices also rallied to their allowable limits yesterday, and livestock futures prices at the Chicago Mercantile Exchange plunged as traders calculated that farmers would liquidate herds as feed costs escalate.

The USDA estimated that US soyabean production at 1.83bn bushels, also a sharp drop from the previous year. Unlike maize, US soyabean stocks were already thin before this year's harvest.

Analysts said a worldwide shortage of feed grains will have political repercussions in the US, and would encourage plantings overseas.

Although the USDA has already announced a 5 per cent acreage set-aside program for farmers next spring, analysts say the agency will be forced to repeal that directive, and encourage massive plantings to rebuild stocks.

Replacing the shortfall in the coarse grains sector will be more difficult, as maize, while the largest crop in the US, is only grown in small amounts in other regions of the world.

Analysts said they expected Chicago maize futures prices for December and March delivery to rise above $3.00 per bushel, which should encourage farmers to sell stocks out of subsidised storage. Soyabean futures prices, currently well below their July highs, would rally above $7 per bushel, analysts said.

European companies to share cost of eliminating overcapacity

Lead smelter closure planned

By Kenneth Gooding, Mining Correspondent

EUROPEAN LEAD producers are preparing a scheme to eliminate overcapacity in the region by the permanent closure of a smelter. The cost would be shared between all the producers.

The scheme is nearly identical to the so-called "shut down" agreement European zinc producers are pressing ahead with and hope to complete within a few months.

Mr Heinz Schimmelbusch, chairman of Metallgesellschaft of Germany, said the lead shutdown scheme was being considered because there was a crisis in the European lead-zinc industry, caused mainly by a flood of exports to Europe from the former eastern bloc countries but also by a fundamental structural imbalance between supply and demand. "There is over-production of zinc and, to some extent, of lead," he said.

He was "cautiously optimistic" that producers would soon reach agreement on a zinc smelter shut-down "and I hope there will be one for lead later".

The zinc shut-down arrangement must receive approval from the European Commission. Mr Schimmelbusch said: "We have a good case because there is a structural crisis in the industry. But we cannot take approval for granted."

Mr Schimmelbusch also insisted that the European industry could not ignore the equally pressing import problem. "The flood of metal from the east must be addressed," he said.

He said MG was working on some ideas to alleviate the problem. He would not be drawn into giving details but admitted his group was talking to government representatives and individual smelters in the former eastern bloc.

"We know the main locations because MG has worked in the region for many, many years.

"We hope that in the medium term we can come to some sensible arrangements. They [the former eastern bloc producers] must understand it is wasteful to pour metals at below cost into a region that already is over-supplied."

Mr Schimmelbusch acknowledged that the import problems were easing because ore grades were falling at mines in the former eastern bloc and, consequently, smelters there were finding it difficult to maintain output at previous levels.

Mine output has also been falling steeply in western countries, leaving lead smelters in particular short of essential raw material. For this reason analysts suggest that the outlook for lead is better than that for any other metal traded on the London Metal Exchange.

Mine output in the west is forecast by the International Lead & Zinc Study Group to fall this year by 14 per cent to 1.98m tonnes while metal production is predicted to fall by 3 per cent to 4.31m tonnes. A small decline in consumption, from 4.46m tonnes to 4.42m, is also expected.

According the ILZSG, lead imports from the former eastern bloc to the west last year jumped by nearly 110,000 tonnes to 173,000 tonnes.

The Brook Hunt consultancy is among those making lead the "star" metal for 1994 and it forecasts an average price of 23 cents a lb ($507 a tonne) for next year. Most forecasts are clustering around that price: Ord Minnett, Lehman Brothers and Rudolf Wolff have predicted that 23 cents would be the 1994 average. The Economist Intelligence Unit predicts lead will start 1994 at 23 cents and reach 26 cents by December to give an annual average of 24.3 cents.

Last night three-month lead closed in London at 19 cents.

EUROPEAN PRIMARY LEAD SMELTERS

Country	Company	Location	Capacity ('000 tonnes)
Austria	BBU	Gailitz	28
Belgium	Union Miniere	Hoboken	90
France	Metaleurop	Noyelles-Godault	110
	Metaleurop	Noyelles-Godault	(ISF) 40
Germany	Berzelius Stolberg	Binsfeldhammer	(QSL) 100
	Berzelius Duisberg	Duisberg	(ISF) 45
	Metaleurop Norddeutsche	Nordenham	95
Italy	Nuova Samim	Porto Vesme	(ISF) 30
	Nuova Samim	Porto Vesme	(Kivcet) 100
Sweden	Boliden	Ronnskar	65
UK	Brittania Zinc	Avonmouth	(ISF) 40
TOTAL			741

UK launches campaign to market quality goats milk

By Deborah Hargreaves

A NEW nationwide marketing scheme for goats milk will be launched today to ensure high-quality supply to a £16m UK market that is growing at the rate of 15-20 per cent a year.

The new private company, which includes 12 farmers on its board, is being set up by Mr Jim Barnard, who runs Barnard and Gooding Dairies in Somerset.

The Ministry of Agriculture's Food from Britain initiative has provided a £90,000 grant for the scheme.

"Very few people have any idea of what goats milk is or what it tastes like, and generally it has a pretty bad image," Mr Barnard said. It is also more expensive to produce than cow's milk and can suffer from quality problems.

The new venture will monitor production standards to ensure the milk is of a uniform quality, as well as act as a central marketing agency – goat's milk is now carried by all the main supermarket chains. The company will also run a processing arm for goats milk products such as cheese.

Mr Barnard said there was no plan to compete with the main cow's milk market, but demand for goat's milk was growing from consumers who suffered allergic reactions to other dairy products.

Interest in speciality cheeses is also on the upturn, which has led to increasing demand from the gourmet sector of the market.

Goat's milk accounts for around 1.75 per cent of the dairy products market in France, while in the UK it is less than 0.1 per cent.

"It is a very fragmented and dispirited industry with three-quarters of all goats kept in herds of less than eight – that would be the equivalent of two cows," Mr Barnard said.

He believes UK demand has could increase to a level similar to consumption on the continent. But he cautions farmers against rushing into goat's milk production, saying that the market expansion must be handled in an orderly manner if the quality of the product is to be maintained.

Copper mine finds buyer

By Sally Bowen in Lima

CYPRUS MINERALS, the US mining group, yesterday became the owner of the Peruvian copper mine Cerro Verde. In the only bid at the public auction held in Lima, Cyprus offered $37m cash and an investment commitment totalling $450m over five years.

The offer was well in excess of the base price, set by Minero Peru's privatisation committee at $30m cash with a $160m investment commitment. Cyprus will develop the mine in association with Buena Ventura, one Peru's leading mining groups.

Cerro Verde is one of Peru's most attractive copper deposits both for its location – 20km from the southern city of Arequipa – and its rich reserves, enough for nearly 50 years.

The mine has been state-owned since its inauguration in 1977. The bulk of Cerro Verde's copper is produced by pad leaching and solvent-extraction-electro-winning.

Until 1984, the plant produced 33,000 tonnes a year copper cathodes but when the oxide ore ran out there was no money for a concentrator plant to treat the sulphide ore. Output last year was only 18,000 tonnes of cathodes plus 9,000 tonnes of concentrate.

Minero Peru will now stage auctions – for its copper refinery at Ilo and the zinc refinery of Cajamarquilla.

China reduces tariffs on wool

By Tony Walker in Beijing

CHINA has agreed to reduce tariffs on wool tops to 15 per cent, following strong representation by Australian officials, including the Prime Minister Paul Keating.

Agreement on the 5 per cent tariff reduction emerged from a meeting in Beijing this week between Australian and Chinese trade officials. They were reviewing ways in which the two countries could harmonise their trading relationship.

Officials were unable to give an estimate of the value to the Australian wool industry of the tariff reduction, but they said the decision marked a step towards a further lowering of import duties on textiles fibres, yarns and fabrics.

Australian wool exports to China in 1991-92, predominantly greasy wool, were worth A$429m ($276.7m). Sales have slumped in the past 6 months partly because of a credit squeeze imposed by the Chinese government, and also because of a sharp depreciation of the local currency.

China's decision to begin modest steps towards lowering tariffs on wool followed discussions in Beijing in June between Mr Keating and China's powerful vice-premier in charge of the economy, Mr Zhu Rongji. Mr Keating said Mr Zhu had assured him that China was prepared to take a serious look at removing tariffs and quotas on wool with a view to assisting the wool industry in both countries.

Chinese tariffs on Australian wool are among the highest in Asia.

UN warns of threat to tungsten industry

By Frances Williams in Geneva

LOW PRICES threaten the survival of the tungsten industry in many countries and the security of tungsten supply, Mr Carlos Fortin, deputy secretary-general of the United Nations Conference on Trade and Development, said yesterday.

Mine operations have fallen to just six small mines in industrialised countries and 25 in developing countries, compared with 60 and 74 respectively in 1980, Mr Fortin said. Even those were operating at below 60 per cent of capacity.

Tungsten ores and concentrates, which fetched as much as $170 a tonne in the late 1970s, were now trading as low as $20 a tonne, he said.

Tungsten producing and consuming countries have been meeting this week in Geneva against the background of "unprecedented distress" in the industry, which has seen tungsten demand, prices and mine production plunge to their lowest levels since the mid-1960s.

The 15 countries attending the three-day annual market review, which ended yesterday, account for about 90 per cent of world trade in tungsten products. They include China, the biggest producer, which represents over 60 per cent of world trade; Russia, which ranks second in production; and the three biggest importers, the US, Germany and Japan.

The slide in tungsten prices is largely the result of weak activity in the main tungsten consuming industries, especially toolmaking, car production and defence, according to Unctad.

However, structural changes in the tungsten industry, including substitution by new products, "do not allow for optimism for the tungsten market even in the longer term, unless new end-use applications are found", the group said.

During the Geneva meeting, China reported falling exports of tungsten ores and concentrates in the first nine months of 1993, while the US expected a 9 per cent drop in consumption this year after a 25 per cent fall in 1992.

Unctad's latest estimates show a 17 per cent drop in world consumption last year to 30,499 tonnes, and a 19 per cent slide in production to 28,864 tonnes. Exports of ores and concentrates slipped by 41 per cent to 7,057 tonnes, reflecting higher consumption of imported intermediate products by the main consuming countries.

The share of tungsten ores and concentrates in world trade has more than halved over the past decade, from nearly 70 per cent in 1983 to 30.6 per cent in 1992.

Coffee producers to discuss retention scheme

By Deborah Hargreaves

COFFEE PRODUCERS meet in New York today to discuss modifications to the producers' retention scheme that came into effect at the beginning of October. The producers plan to discuss changes to the amount of robusta coffee held back from the market and a way of checking stock levels.

Brazil made its first purchases as part of the retention scheme last week, but dealers were surprised at the small amounts bought.

The producers need to buy around 180,000 bags of coffee before next Monday as part of October's retention plans, but so far, Brazil, which has agreed to act as a purchasing agent on behalf of producers, has bought only 11,750 bags. Buyers will be back in the market today after having lowered the quality of coffees they can purchase and raised prices. However, market traders were sceptical they could meet their obligations.

Talks today and tomorrow are unlikely to have much effect on coffee prices which have weakened this week, but prices could be boosted if Brazil is successful in buying most of its commitments.

Producers said they agreed to meet at regular intervals to monitor the operation of the retention scheme.

The retention scheme aims to keep 20 per cent of their exports off the market in order to encourage consumers to draw down stocks.

WORLD COMMODITIES PRICES

MARKET REPORT

White **SUGAR** futures had another active day after Tuesday's dramatic slump and steadied. By late afternoon in London the near December price had edged up $0.80 to $280 a tonne. However, dealers were still unconvinced about a sharp recovery being on the way. "People will want to wait a while and lick their wounds before coming back in. The market really needs the power of the funds to pick it back up again and for that we need a strong technical signal," one dealer said. The London Metal Exchange formally put an end to the recent **COPPER** squeeze controversy by rescinding the $5 a day limit on the backwardation (premium over the future price for metal for immediate delivery). Traders said the move had no impact in the market yesterday. "The LME wanted to make sure the long had liquidated his position," one said. "Over the last few days the position has been further wound down to a level that causes no concern now," he added. **ALUMINIUM** was firmer, helped by a 9,000-tonne fall in September International Primary Aluminium Institute producer stocks, and three-month prices closed at $1,062.50 a tonne, up $10.75.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Dec)		+ or -
Dubai	$14.12-4.21u	+0.09
Brent Blend (dated)	$15.21-5.23	+0.05
Brent Blend (Dec)	$15.57-5.59	+0.06
W.T.I (1 pm est)	$16.79-6.81u	+0.145
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$173-175	-1.5
Gas Oil	$168-169	
Heavy Fuel Oil	$62-64	-2
Naphtha	$148-151	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$378.75	+1.15
Silver (per troy oz)♣	457.50c	+5.00
Platinum (per troy oz)	$375.75	-2.35
Palladium (per troy oz)	$128.65	-0.25
Copper (US Producer)	80.0c	
Lead (US Producer)	33.88c	
Tin (Kuala Lumpur market)	12.01r	
Tin (New York)	215.50c	-6.00
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	118.12	-1.94*
Sheep (live weight)†♣	81.44p	+2.10*
Pigs (live weight)†	70.78p	+0.02*
London daily sugar (raw)	$257.7	+10.5
London daily sugar (white)	$289.0	-6.5
Tate and Lyle export price	$286.5	-8.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120.5	
Wheat (US Dark Northern)	£175.0	
Rubber (Dec)♥	61.00p	
Rubber (Jan)♥	61.25p	
Rubber (KL RSS No 1 Jul)	207.0m	
Coconut oil (Philippines)§	$455.0v	+12.5
Palm Oil (Malaysian)§	$355.0u	+7.5
Copra (Philippines)§	$307.5	+12.5
Soyabeans (US)	£193.0w	+5.5
Cotton "A" index	54.45c	+0.50
Wooltops (64s Super)	383p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Nov/Dec u-Dec t-Jan/Mar w-Nov/Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago. provisional prices.

CRUDE OIL - IPE ($/barrel)

	Latest	Previous	High/Low	
Dec	15.61	15.45	15.62	15.44
Jan	15.91	15.73	15.94	15.78
Feb	16.15	15.95	16.16	15.96
Mar	16.31	16.15	16.31	16.20
Apr	16.43	16.26	16.46	16.38
May	16.58		16.58	16.50
Jun	16.66	16.52	16.70	16.62
Jul	16.80	16.60	16.81	16.77
Aug	16.91	16.70	16.91	
IPE Index	15.46	15.72		

Turnover 29427 (45666)

GAS OIL - IPE ($/tonne)

	Close	Previous	High/Low	
Nov	165.25	165.00	[illegible]	[illegible]
Dec	162.50	162.25	162.50	161.00
Jan	161.00	161.00	161.25	160.25
Feb	160.50	160.50	160.50	159.50
Mar	159.75	159.75	160.00	158.75
Apr	158.75	158.50	159.00	158.00
May	158.50	158.00	159.00	158.00
Jun	159.25	157.75	158.00	157.50
Jul	161.00	159.00	159.75	159.00
Aug	162.50		159.75	

Turnover 18989 (26109) lots of 100 tonnes

SUGAR - LCE ($ per tonne)

White	Close	Previous	High/Low	
Dec	279.50	279.20	282.00	279.50
Mar	274.80	274.10	277.00	274.20
May	277.00	276.30	278.00	276.50
Aug	280.70	280.80	281.50	
Oct	270.00	269.80	272.00	270.00
Dec	270.50	270.20	271.40	

Turnover 2949 (4956) Paris- White (FFr per tonne): Mar 1640.41 May 1663.34

WOOL

Prices paid in Australia were steadier this week, with only a few small rises and some types unchanged or barely maintained. Clearances were still good at most of the sales held, however, with Japan and Western Europe buying strongly. In wool using markets some of the recent pressures and sentiment associated with wool's clear reversal in trend have subsided, and price resistance is being mentioned as a feature, but there is no question of weakness replacing strength. The AWC market indicator stood at 504 cents on November 10, compared with 499 a week before.

No.7 RAW SUGAR - LCE (cents/lbs)

	Close	Previous	High/Low	
Mar	10.40	10.33	10.40	10.34
May	10.65		10.65	
Jul	10.93	10.82	10.93	

Turnover 44 (379) lots of 50 tonnes.

COCOA - LCE (£/tonne)

	Close	Previous	High/Low	
Dec	929	910	924	909
Mar	961	947	964	946
May	966	964	972	954
Jul	972	960	972	957
Sep	973	960	974	960
Dec	960	944	962	942
Mar	951	947	954	947
May	957	949	956	955
Jul	960		965	959
Sep	966		966	

Turnover: 7809 (5922)lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 9 692.67 (694.41) 10 day average for Nov [illegible] (711.84)

COFFEE - LCE ($/tonne)

	Close	Previous	High/Low	
Nov	1219	1213	1211	1208
Jan	[illegible]	1229	1230	1217
Mar	1210	1209	1212	1200
May	1199	1197	1199	1192
Jul	1196	1197	1192	

Turnover: 1771 (2228) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 9 Comp. daily 69.23 (69.11) 15 day average 68.18 (68.18)

POTATOES - LCE (£/tonne)

	Close	Previous	High/Low	
Apr	85.8	85.9	88.0	84.5
May	100.5	101.3	100.5	

Turnover 87 (101) lots of 20 tonnes.

FREIGHT - LCE ($10/index point)

	Close	Previous	High/Low	
Nov	1330	1330	1336	1325
Dec	1330	1341	1350	1320
Jan	1341	1336	1345	
Apr	1344	1346	1350	
Jul	1207	1205	1210	
Oct	1375		1380	1375
Jan	1400		1400	
BFI	1321	1322		

Turnover 64 (58)

GRAINS - LCE (£/tonne)

Wheat	Close	Previous	High/Low	
Nov	98.90		98.90	
Jan	99.90	99.20	100.20	99.40
Mar	101.90	101.20	102.00	101.70
May	103.90	103.10	104.10	103.30
Nov	92.65		92.65	
Barley	**Close**	**Previous**	**High/Low**	
Jan	103.30	103.20	103.40	
Mar	105.40	105.05	105.35	105.20
May	107.50		107.50	

Turnover: Wheat 313 (312) Barley 35 (19)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 30,054 lots		
Cash	1041-2	1030.5-1.5		1036.5-7.0		
3 months	1062-3	1051.5-2.0	1068/1061	1057-7.5	1066-7	251,755 lots
Copper, Grade A ($ per tonne)				Total daily turnover 42,657 lots		
Cash	1650-2	1637-8	1648	1647.5-8.0		
3 months	1674-5	1660.5-1.0	1675/1663	1671-1.5	1670-1	184,799 lots
Lead ($ per tonne)				Total daily turnover 4,259 lots		
Cash	399.5-400.5	395.5-6.0	397	397-7.5		
3 months	413-4	413-4	413/410	410.5-1.0	409-10	35,572 lots
Nickel ($ per tonne)				Total daily turnover 12,264 lots		
Cash	4630-5	4725-30	4660	4660-5		
3 months	4690-5	4785-90	4780/4640	4725-30	4640-50	47,382 lots
Tin ($ per tonne)				Total daily turnover 3,366 lots		
Cash	4595-605	4597-602		4615-20		
3 months	4650-5	4640-50	4710/4650	4665-70	4645-50	14,173 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 12,119 lots		
Cash	933.5-4.5	928.5-30.5		929-9.5		
3 months	951-2	947-7.5	954/946	948.5-7.0	953-4	81,269 lots

LME Closing £/$ rate:
SPOT: 1.4753 3 months: 1.4672 6 months: [illegible] 9 months: [illegible]

LME AM Official £/$ spot rate 1.4880

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	376.50-377.00	
Opening	374.80-375.20	
Morning fix	375.60	254.182
Afternoon fix	374.90	255.034
Day's high	377.75-378.25	
Day's low	372.50-373.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.69	6 months	2.70
2 months	2.71	12 months	2.72
3 months	2.70		

Silver fix	p/troy oz	US cts equiv
Spot	308.35	453.25
3 months	312.50	456.75
6 months	316.20	460.20
12 months	324.15	468.75

GOLD COINS

	$ price	£ equivalent
Krugerrand	377.00-380.00	259.00-262.00
Maple leaf	388.30-390.75	-
New Sovereign	87.00-90.00	59.00-62.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1025	44	69	11	16
1050	29	53	21	25
1075	17	39	34	36
Copper (Grade A)	**Calls**		**Puts**	
1625	58	92	20	32
1650	43	77	30	42
1675	30	63	43	52
Coffee LCE	**Jan**	**Mar**	**Jan**	**Mar**
1150	98	118	18	58
1200	66	92	39	82
1250	41	72	61	112
Cocoa LCE	**Dec**	**Mar**	**Dec**	**Mar**
875	50	107	2	21
900	30	90	7	29
925	16	75	18	39
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1600	1	45	53	63
1650	1	23	100	90
1700	-	13	-	-

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	376.8	376.0	0	0
Dec	377.4	376.8	379.0	378.0
Jan	378.4	377.6	0	0
Feb	379.4	378.6	380.8	375.2
Apr	381.2	380.4	382.5	377.0
Jun	383.0	382.2	384.5	380.0
Aug	384.8	384.0	383.0	383.0
Oct	386.7	385.9	0	0
Dec	388.7	387.9	390.0	388.1

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	383.0	383.0	0	0
Jan	[illegible]	378.5	381.0	377.0
Apr	381.1	380.9	382.0	378.5
Jul	381.9	381.7	381.5	380.0
Oct	383.4	383.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	456.8	451.8	0	0
Dec	457.5	452.5	460.0	449.5
Jan	459.0	453.9	0	0
Mar	462.2	457.1	465.0	455.0
May	465.3	460.2	466.5	458.5
Jul	468.3	463.2	470.0	468.0
Sep	471.5	466.3	472.5	464.5
Dec	476.3	471.1	479.5	471.0
Jan	477.4	472.2	0	0
Mar	481.5	476.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	74.55	74.50	75.20	74.50
Dec	74.85	74.75	75.60	74.65
Jan	75.05	74.85	0	0
Feb	75.25	75.20	75.90	75.80
Mar	75.55	75.40	75.85	75.50
Apr	75.75	75.65	76.25	76.00
May	76.00	75.90	76.70	76.20
Jun	76.25	76.15	0	0
Jul	76.50	76.45	77.10	76.60
Aug	76.75	76.70	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	16.79	16.60	16.85	16.58
Jan	17.08	16.93	17.10	16.87
Feb	17.27	17.15	17.32	17.10
Mar	17.45	17.33	17.40	17.30
Apr	17.63	17.47	17.63	17.47
May	17.73	17.61	17.77	17.64
Jun	17.86	17.75	17.86	17.75
Jul	17.92	17.87	17.94	17.90
Aug	17.99	17.99	17.99	17.99
Sep	18.22	18.11	18.22	18.07

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	51.10	50.46	51.20	50.56
Jan	51.90	51.29	52.00	51.25
Feb	52.45	51.74	52.45	51.75
Mar	52.10	51.64	52.10	51.66
Apr	51.45	50.89	51.45	51.00
May	50.90	50.44	50.90	50.50
Jun	50.40	50.14	50.55	50.30
Jul	50.70	50.34	50.85	50.55
Aug	51.50	50.89	51.50	51.50
Sep	52.55	51.84	52.50	52.50

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1119	1082	1122	1083
Mar	1175	1146	1180	1148
May	1198	1161	1199	1167
Jul	1207	1173	1207	1181
Sep	1216	1184	1217	1194
Dec	1230	1197	1230	1200
Mar	1246	1210	1240	1226
May	1266	1231	0	0
Jul	1278	1243	0	0
Sep	1297	1262	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	76.05	75.75	76.25	74.10
Mar	78.80	78.40	79.00	77.00
May	80.25	79.90	80.40	78.50
Jul	81.70	81.45	81.00	80.40
Sep	83.25	82.85	82.00	82.00
Dec	85.55	85.25	0	0
Mar	88.00	87.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.10	10.02	10.15	10.08
May	10.31	10.25	10.36	10.27
Jul	10.41	10.33	10.45	10.37
Oct	10.39	10.32	10.42	10.36

COTTON 50,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	57.57	56.35	58.15	57.45
Mar	59.60	58.48	60.10	59.59
May	60.95	59.77	61.50	60.95
Jul	62.00	60.70	62.45	61.90
Oct	62.75	61.95	62.90	62.90
Dec	62.80	62.00	63.35	62.70
Mar	63.50	62.70	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	104.75	102.85	105.00	103.60
Jan	107.70	105.90	108.20	106.50
Mar	110.85	108.85	110.70	109.30
May	112.10	110.40	113.25	112.00
Jul	113.60	112.40	114.60	114.50
Sep	115.00	113.40	115.00	114.50
Nov	112.80	111.40	0	0
Jan	112.60	111.40	0	0
Mar	112.60	111.40	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 10	Nov 9	mnth ago	yr ago
1614.7	1613.8	1585.6	1649.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov 9	Nov 8	mnth ago	yr ago
Spot	120.78	120.20	118.77	114.16
Futures	139.68	133.82	127.94	115.66

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	679/0	630/4	680/0	661/0
Jan	689/0	639/0	[illegible]	659/0
Mar	675/0	645/0	675/0	675/0
May	678/6	648/6	678/6	678/6
Jul	680/6	650/6	680/6	680/6
Aug	679/0	649/0	679/0	679/4
Sep	666/0	636/0	666/0	655/0
Nov	647/6	625/2	650/4	636/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	24.61	23.61	24.61	24.50
Jan	24.69	23.69	24.69	24.69
Mar	24.86	23.86	24.86	24.86
May	24.95	23.95	24.95	24.95
Jul	24.99	23.99	24.99	24.95
Aug	24.80	23.80	[illegible]	24.80
Sep	24.65	23.65	24.65	24.50
Oct	24.30	23.30	24.30	23.95

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	210.7	200.7	210.7	210.7
Jan	208.4	198.4	208.4	208.4
Mar	207.7	197.7	207.7	206.5
May	207.7	197.7	207.7	206.0
Jul	208.7	198.7	208.7	205.5
Aug	208.0	198.0	208.0	205.0
Sep	207.3	197.3	207.3	203.5
Oct	205.0	196.2	206.0	201.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	273/4	261/4	273/4	273/4
Mar	280/6	268/6	280/6	280/6
May	284/4	273/4	284/4	284/4
Jul	285/6	273/6	285/6	284/0
Sep	275/6	263/6	275/6	273/4
Dec	265/6	255/4	267/4	262/0
Mar	272/0	262/2	274/2	269/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	345/2	335/6	351/0	342/0
Mar	345/0	335/2	350/0	344/0
May	334/4	325/2	338/0	333/4
Jul	324/4	315/6	329/0	323/0
Sep	329/0	321/0	330/0	328/0
Dec	338/4	329/6	340/0	335/4
Jul	325/0	315/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.825	73.550	74.175	73.300
Feb	74.775	74.825	74.925	74.125
Apr	76.600	76.250	76.775	76.075
Jun	73.400	72.825	73.625	72.850
Aug	72.050	71.575	72.350	71.750
Oct	72.500	72.100	72.550	72.000
Dec	73.300	72.900	73.350	72.900

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	46.175	46.575	46.800	45.850
Feb	47.850	48.150	48.150	47.375
Apr	47.250	47.025	47.450	46.600
Jun	52.775	51.350	52.800	51.750
Jul	51.750	50.475	51.950	51.000
Aug	50.700	49.200	50.700	49.200
Oct	46.650	45.150	46.650	45.500
Dec	47.100	45.600	47.100	46.100

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	55.125	54.225	55.200	53.850
Mar	54.975	53.975	55.100	53.600
May	55.200	54.150	55.500	54.400
Jul	56.475	55.450	56.575	55.000
Aug	55.475	55.400	56.475	54.500

FINANCIAL TIMES SURVEY

KOREAN FINANCIAL MARKETS

Thursday November 11 1993

Freedom moves higher up the agenda

One of the world's most tightly controlled markets is finally facing the prospect of deregulation. **John Burton** finds a growing awareness that the system's restrictions are hampering the nation's economic growth

Kim Young-sam/Seoul: hopes for liberalisation increased with the announcement of a ban on anonymous accounts, a move which may accelerate the government's five-year financial reform plan

AP/Ashley Ashwood

INITIAL scepticism about President Kim Young-sam's commitment to financial liberalisation has been replaced by growing optimism that the new South Korean leader is serious about deregulating one of Asia's most protected capital markets.

Liberalisation hopes were given a boost in mid-August when Mr Kim announced a ban on the tax dodge of using false names in financial transactions, which will increase transparency in the banking industry and money markets.

But perhaps the most significant result of the ban on anonymous accounts will be that it may accelerate implementation of the government's five-year (1993-1997) financial reform plan, which was announced at the beginning of July.

Requiring the use of real names in financial dealings has increased pressure on the government to introduce other changes to counter the threat of untaxed money flowing out of banks and into the large underground economy – estimated to be equal to 20 per cent of gross national product – over the next several years.

Deregulation of all interest rates – a crucial component of the reform package – is considered instrumental in preventing a liquidity drain because it would give banks the freedom to offer higher deposit rates and by doing so improve their ability to attract funds.

The government has freed most lending rates earlier this month and it has been suggested that deposit rates will be deregulated completely ahead of the current 1996 deadline.

The financial stability of the banks will also be improved as the government gradually reduces its interference in the allocation of credit. The state's past policy of forcing banks to give low-interest loans to strategic industries has burdened them with a large share of non-performing assets.

Meanwhile, barriers to the free flow of capital into and out of the country are also set to be dismantled. Foreigners will gain wider access to the stock and bond markets. Restrictions are being eased on Korean corporate borrowing abroad. The exchange rate system will be liberalised.

These changes are taking place as Korean officials acknowledge that the current financial system has outlived its usefulness.

The present financial structure was shaped by the critical role it played in the country's centralised economy during the past three decades. The state, for example, used the banking system to funnel scarce capital to the heavy industries that led Korea's export drive. Interest rates were kept under control to ensure that strategic companies were provided with cheap funds.

But the past few years have provided a wealth of evidence that the state-controlled financial system is now hindering industrial performance and hampering economic development.

Credit allocation has become increasingly inefficient and this has created distortions in the industrial structure. Money has been poured into favoured industries that are no longer competitive.

The government's credit policy also promoted the economic dominance of the nation's large conglomerates, or chaebol, while hindering the growth of small and medium-sized businesses. The widely-diversified chaebol have grown too unwieldly and need to concentrate on a few core industries. The lack of funds for the small business sector has meant that the country's sub-contracting network remains underdeveloped, while entrepreneurial ventures have been stifled.

COMPANIES that are competing for funds on the open financial markets must pay high interest rates. Deregulation would eliminate the two-tier financial system of cheap state-directed industrial loans and expensive open-market funds, thereby creating a more rational distribution of credit governed by market forces.

A deregulated financial market and the increased inflow of foreign investment would eventually lower the nation's high capital cost structure and improve corporate balance sheets, which are highly-leveraged.

This would allow companies to spend more money on such long-term goals as research and development instead of devoting considerable financial resources to servicing their debts. Increased R&D spending is vital since Korea lacks strength in advanced manufacturing industries that offer export potential.

While economic arguments alone provide a compelling reason for Korea to adopt financial liberalisation, it is also facing foreign pressure to relax restrictions.

The conclusion of the Uruguay round of the General Agreement on Tariffs and Trade negotiations would push the move toward free trade in financial services.

Korea must also internationalise its financial market if it wants to achieve its goal of joining the Organisation for Economic Co-operation and Development by 1996.

The US has been a persistent critic of Korea's closed financial market. Washington claims that the financial restrictions not only hamper the operation of foreign banks in Korea, but also represent a barrier to foreign investment in the country.

Foreign companies, for example, have difficulties in raising sufficient funds to expand activities. That argument has proved persuasive since Korean officials are worried about declining foreign investments and a growing number of disinvestments.

Although momentum appears to be increasing in favour of financial liberalisation, some foreign financial representatives in Seoul remain cautious about the scope and timing of the deregulation measures.

"It all looks fine on paper, but we still have yet to see most of the steps being taken," said the head of a western brokerage firm. Indeed, some of the most important liberalisation measures are not scheduled to be introduced until 1996.

This has raised concerns that the Korean government may revert to its past record of announcing reforms and then delaying them. The current five-year liberalisation plan, for example, is only the latest of several similar programmes that have been offered over the past few years, but which have failed to be implemented.

Ministry of finance officials argue that this time things will be different. They point out that the government is showing greater commitment to liberalisation by offering a precise timetable for the reforms.

Their introduction will also no longer be dependent on the achievement of macro-economic preconditions, a feature of previous plans that critics charged would delay the reform process. Moreover, a few reforms, such as the easing of controls on foreign exchange transactions have been introduced ahead of schedule.

But the most significant factor that could guarantee successful implementation of the plan this time is Mr Kim's anti-corruption campaign, which is weakening bureaucratic resistance to change.

The bureaucracy opposed liberalisation because state control of the economy provided officials with the opportunity to accept bribes in return for granting favours to business.

However, the ban on anonymous accounts, which were used to hide pay-offs, has deprived officials of the possibility to keep their ill-gotten money out of sight. The result is that bureaucrats may have less incentive to maintain financial controls.

Moreover, Mr Kim has installed a new generation of reform-minded technocrats who argued that financial liberalisation is necessary to achieve "economic democracy" in what the president has proclaimed as the "New Korea".

The nation's banks must adapt or face extinction, writes **John Burton**

Over the first hurdle

THE NEXT five years promise to be a period of upheaval for South Korea's highly-protected and regulated banking industry as it becomes buffetted by the winds of financial liberalisation.

Inefficiently overmanned and saddled with a large amount of non-performing loans, some of the nation's 23 city and regional commercial banks are threatened with extinction unless they adapt swiftly to the demands of a deregulated market.

Bu confidence, has risen that the banks may prove equal to the task after they successfully passed the first test of financial liberalisation: a ban on anonymous bank accounts ordered by President Kim Young-sam in August. Despite widespread predictions that tax dodgers would withdraw large amounts of funds and deplete the banks' deposit base, the reform barely caused a ripple.

A requirement that false-name account holders show identification before withdrawing their funds robbed them of their anonymity and discouraged them from emptying their accounts. Another advantage was that funds held in fictitious-name accounts represented only 1.9 per cent of the Won154,100bn deposited in banks.

But the banks are still worried about a bigger potential problem resulting from the real-name financial system. The government wants nominee accounts, which use borrowed names, to be registered under their owners' true identity by 1996, when a comprehensive tax system is to be introduced.

At least Won30,000bn, or a fifth of bank deposits, are estimated to be in borrowed-name accounts. Banks fear a steady outflow of deposits over the next two years as account owners try to beat the tax man. Moreover, the identification process that halted withdrawals from false-name accounts is useless in the case of nominee accounts.

Regulated interest rates have proved to be both a blessing and curse for Korean banks

The threat of an erosion of the banks' deposit base may force the government to accelerate the deregulation of interest rates and improve the banks' ability to gain new funds.

Regulated interest rates have proved to be both a blessing and curse for Korean banks. The healthy interest rate spread guaranteed under the system contributed to the 23.4 per cent rise in the 1992 operating profit for commercial banks, which amounted to Won2,596bn, although operating income growth slowed to 12.3 per cent in the first half of 1993 as bad economic conditions depressed credit demand.

The bank deposit rates set by the government, however, also represent a problem since they are lower than those offered by short-term finance companies, making it difficult for banks to attract funds. Banks account for 45 per cent of all funds deposited in financial institutions. Moreover, asset formation is slowing down as the economy stumbles.

The liberalisation of both lending and deposit rates, which is now scheduled to be completed by 1996, could enable banks to retain their deposit base and sustain their margin spreads through higher loan rates.

The government freed almost all lending rates at the beginning of this month and it has hinted that it will complete the liberalisation of deposit rates, 40 per cent of which are now unrestricted, ahead of its 1996 deadline. The ministry of finance also says it will phase out the credit allocation policies that have burdened the banks with a large amount of non-performing loans, totalling Won10,200bn or almost 7 per cent of all bank credits.

The bad loan problem is particularly acute for some of the older banks, which have been regulated the longest. Non-performing loans held by the Commercial Bank of Korea, the country's largest bank, amount to 13.2 per cent of total loans.

Branch office of the Jeon Buk Bank, Seoul: the industry is expected to witness an extensive restructuring as deregulation progresses [illegible]

The government has required banks to provide as much as half of their loans at below market rates to designated strategic industries. In addition, the banks have also been forced to set aside 45 per cent of their loans for small and medium-sized businesses.

These credit control policies have severely limited the banks' autonomy and prevented them from operating efficiently.

"Interest rate deregulation and the abolition of credit controls will allow the banks to operate in a regular manner instead as a financial tool of the government," said John Wadle, an banking analyst for BZW in Seoul.

But not all of the Korean banks are likely to survive in a deregulated market and the industry is expected to witness an extensive restructuring.

The government may encourage bank mergers by easing ownership rules that limit shareholding stakes. The result could be the emergence of two or three Korean mega-banks by the end of the decade. The merger of strong banks with weaker ones would help solve the bad loan problem and encourage rationalisation of operations.

Banks might also be permitted to engage in other financial sectors, such as brokerage and investment consultation, to increase turnover and profits.

However, these proposals alone may not be able to remove the serious threat posed by the large amount of non-performing loans. Instead of the government bailing out the troubled banks, there are suggestions that so-called "bad banks" should be created to manage dodgy assets or that banks should be permitted to transform bad loans into equity stakes in creditor companies.

■ PROFILE: SHINHAN BANK

Youth and modesty contributing factors

MEDIUM-SIZED Shinhan Bank has emerged as one of the best performers in South Korea's troubled banking sector.

Shinhan, founded in 1982 by a group of Korean businessmen living in Japan, was the first of seven commercial banks created over the past decade as part of a government policy to foster competition against the country's six main city banks. It now ranks as the country's sixth largest bank with 126 branch offices and total assets of Won15,630bn last year, having doubled in size since 1989.

Analysts predict that its rapid growth will continue. After posting a 23 per cent growth rate in total assets last year, assets are likely to increase by 16 per cent in 1993 and 21 per cent in 1994, according to one estimate by BZW in Seoul.

Although net earnings grew by a meagre 8.3 per cent to Won125.2bn in 1992 and are expected to decline by 4.2 per cent to Won120bn this year due to increased taxation, it still has the third largest bank profits in Korea after the much bigger Korea First and Hanil banks. Operating income, however, is expected to jump by 27 per cent in 1993 and 1994, after growing by 8 per cent last year.

Shinhan's relative youth and modest branch network are two reasons it is able to maintain high profit margins and one of the strongest capital bases among Korean banks.

The fairly recent establishment of Shinhan has meant that it has not been forced by the government to provide a large amount of the low-interest industrial policy loans that have caused bad debt problems for older banks.

Its non-performing loans at the end of 1992 amounted to Won210bn, or 2 per cent of total loans. In contrast, the ratio of non-performing loans for the six main city banks was 8.8 per cent of total credits. This has meant that Shinhan has been able to maintain a strong balance sheet in terms of capital and assets.

The bank has been able to maintain a strong balance sheet in terms of capital and assets

Most Korean banks will be forced to boost their equity base or keep lending growth in check to fulfil the Bank of International Settlements' global capital adequacy ratio of 8 per cent by 1995. Shinhan, however, already has the highest BIS ratio among commercial banks at 13 per cent.

The size of Shinhan's branch network has meant it has so far avoided the overstaffing problems that are reducing profits at other Korean banks.

Although wage levels at Shinhan are higher than average for a Korean bank, so is the level of employee productivity. The profit-per-employee ratio is four times the average for the commercial banks.

Operational efficiency has contributed to Shinhan's ability to maintain the highest return-on-assets among Korean commercial banks during the past four years.

Shinhan also enjoys the highest lending margins among the main commercial banks, with an estimated interest rate spread of 3.5 per cent last year.

This reflects its strategy of focusing on lending to small and medium-sized companies. The growth of these businesses is favoured by the government and the central bank is giving cheaper funds to banks willing to lend to them.

Shinhan has taken advantage of this policy to increase its lending margins, with its exposure to the small business sector accounting for an estimated 65 per cent of its loan portfolio against 45 per cent for most other banks.

"Shinhan is concentrating on a market niche avoided by most banks which believe that lending to small companies is too risky. But Shinhan is developing a skill in credit analysis that is often lacking in other banks which have relied too much on lending to big corporate customers," said John Wadle, a banking analyst at BZW.

Nonetheless, Shinhan was forced to more than double its loan loss provisions last year when the small business sector suffered a record number of bankruptcies as the government squeezed credit to reduce inflation. Bankruptcies are expected to decline this year and Shinhan is considered fully provisioned for loan losses.

The bank is now concentrating on selectively expanding its retail network into rapidly growing urban neighbourhoods, with at least 20 branches being opened a year. It has also recently focused on developing business abroad, particularly in south-east Asia, which is a favoured site for Korean foreign investment.

John Burton

■ PROFILE: KFB

Clearing the way

KOREA FIRST BANK, the country's second largest commercial bank, has gained a reputation for being the most aggressive among the older banks in preparing for a deregulated financial market.

The efforts it has made to rationalise operations, such as reducing staff levels and introducing automation, are already bearing fruit.

It reported the largest profits among Korean commercial banks last year, with a 53 per cent climb in net earnings to Won147bn. Net profits rose by 77 per cent to Won81bn during the first half of 1993 and analysts expect earnings to reach Won150bn for the full year.

Its operating income grew by an impressive 88 per cent in 1992, although this will slow to only 9 per cent growth this year because of the economic slowdown and weaker demand for credit.

The Office of Bank Supervision rated KFB as the best managed bank in 1992.

The rationalisation programme was launched by Park Ki-jin, who became the bank's president in 1991. It was thus ironic that Mr Park was forced to resign this spring when it was alleged that he had provided questionable loans to a failed property company run by his brother. He was the third bank president forced from office this year as a result of a government investigation into corrupt practices in the banking industry.

Mr Park's departure, however, has not slowed down the reforms at KFB, which was established in 1929 as the Savings Bank of Korea.

The main emphasis remains on improving efficiency. An elimination of 300 jobs over the past two years has reduced the staff level to 8,900, around 600 fewer employees than at the other main banks. It already has the lowest ratio of overhead costs per unit of operating income at 44.7 per cent against an industry average of 48.2 per cent.

The bank plans further job cuts through natural attrition that will reduce its staff to 8,360 by 1995, even as it increases its domestic network – the smallest among the big city banks – to 305 branches from the current 276.

KFB is depending on the installation of automatic cash-point machines, which have only been recently introduced to Korea, and upgrading computer systems to compensate for the personnel cuts.

It is also promoting a progressive personnel management policy in an attempt to improve customer service. Last year, it became the first Korean bank to guarantee equal career advancement opportunities for employees.

Profits have been improved by deft financial management. It relies less than other banks on holding certificates of deposits, the costliest source of funds. It has become an aggressive trader in the stock market and reported the industry's biggest gains from securities last year. It also recorded the second-best performance in the industry for managing trust assets after the Bank of Seoul, which specialises in the trust business.

KFB must still contend with the critical problems that are also affecting the other older banks. It has a high percentage of non-performing loans, amounting to Won17,855bn or 6.9 per cent of total credits, although its provisions for doubtful accounts has reached 2.1 per cent of loans, above the central bank's 2 per cent guideline.

It may also need to raise new equity to meet the Bank of International Settlements' capital adequacy ratio of 8 per cent by 1995. The bank claims that its equity/assets ratio is 10 per cent, but independent analysts estimate that the ratio is closer to 7 per cent.

Nonetheless, its capital base remains strong. Total assets amounted to Won27,495 at the end of 1992. It accounts for 14 per cent of loans and 17 per cent of deposits among the commercial banks. Its business is heavily oriented toward the corporate sector, accounting for 90 per cent of loans which are almost evenly divided between large and small companies.

KFB, which is already one of the most active Korean banks overseas, is now concentrating on expanding international activities.

It has developed its foreign exchange business by taking the unusual step for a Korean bank of hiring outside dealers. It is taking a lead in international financial trading, including floating bonds overseas and managing international syndicated loans.

But net profits from its overseas branches fell by 25 per cent last year to $9.7m because of large loan loss reserves following a sharp rise in non-performing loans. Loan loss provisions are expected to rise further this year.

John Burton

Tracy Corrigan looks at the problems faced by foreign bankers

Profitability strained

WHILE foreign brokers moan about the ceiling on foreign share ownership, foreign bankers in Korea have their own gripes.

The controlled interest rate environment makes it hard for them to compete for business. Wage costs have spiralled in recent years and labour relations are worsening. The government requires bank branches to put up substantial capital, which reduces their profitability. And the economic slowdown has led to greater credit problems.

Most foreign banks in Korea are involved primarily in the corporate banking sector. According to official figures, the total assets of foreign banks accounted for 10 per cent of the market, or Won16,914bn last year. However, their market share in deposit-taking is minuscule – around 1.4 per cent of the total, or Won869bn.

Most of the foreign banks' business is with Korean companies, and consists of short-term credits, often related to trade finance. There is also relatively limited foreign exchange business. However, these markets should grow as the interest rate environment is deregulated over the next few years.

Because of the current lack of a liberalised lending market, the bank market is supplemented by a so-called "kerb" market. The kerb market is a source of funds lent often by wealthy individuals to small-size businesses which find it difficult to borrow from banks.

The reason it is so hard for them to persuade the banks to lend is that banks are only allowed to charge rates within a restricted range, which discourages banks from lending to weaker credits.

"There is not a free market," said one banker. "Banks are given 'guidance' not to charge above a certain rate. Foreign banks are profitable but it is by using up capital from head office, because branches have to be heavily capitalised. The Bank of Korea assumes capital is free but it's not."

In fact, the profitability of foreign banks is difficult to assess because some banks are charged by their head office for the cost of capital, while others are not.

"A lot of the profitability of banks is just the differential between Libor – the assumed funding cost for the capital – and returns on assets," said one banker.

In addition, banks have experienced an increase in bad debt over the past two years, as a growing number of Korean businesses have failed.

The strains on profitability have brought to a halt the flow of arrivals of foreign banks into the country. Foreign banks currently number 52.

"With labour costs and other aspects of the operating environment, commercial bank entry will be very slow," said Paul Muther, general manager of the First National Bank of Chicago and head of the Foreign Bankers Group. He said this year was an important one for the bank. "We have reached a crossroads in the profit dynamics".

Bankers believe a spate of labour problems that have taken place this year is something which could threaten their future

Higher wage costs and flat revenues mean that profits are falling. "Broadly speaking, a typical foreign bank branch in 1992-3 is generating approximately the same revenue as five-years ago – but the cost of unionised staff has gone up roughly 100 per cent," Mr Muther said.

Bankers believe a spate of labour problems that have taken place this year is something which could pose a threat to their future.

Disputes at ABN Amro and the Bank of Boston have been settled but a strike at Citibank continues and trouble is brewing at Bank of America, Banque Nationale de Paris, Banque Paribas and Standard Chartered. With the exception of Citibank, where the dispute concerns an employee welfare fund, the other strikes are all based on pay claims. These claims often run into double figures.

Foreign bankers argue that their industry cannot sustain these types of pay increases, and that the net result of the high pay claims is that those foreign banks already in the market have stopped expanding their operations and other banks have been discouraged from entering the market at all. "Unless we can get employee compensation under control, there is no future to the business," Mr Muther said.

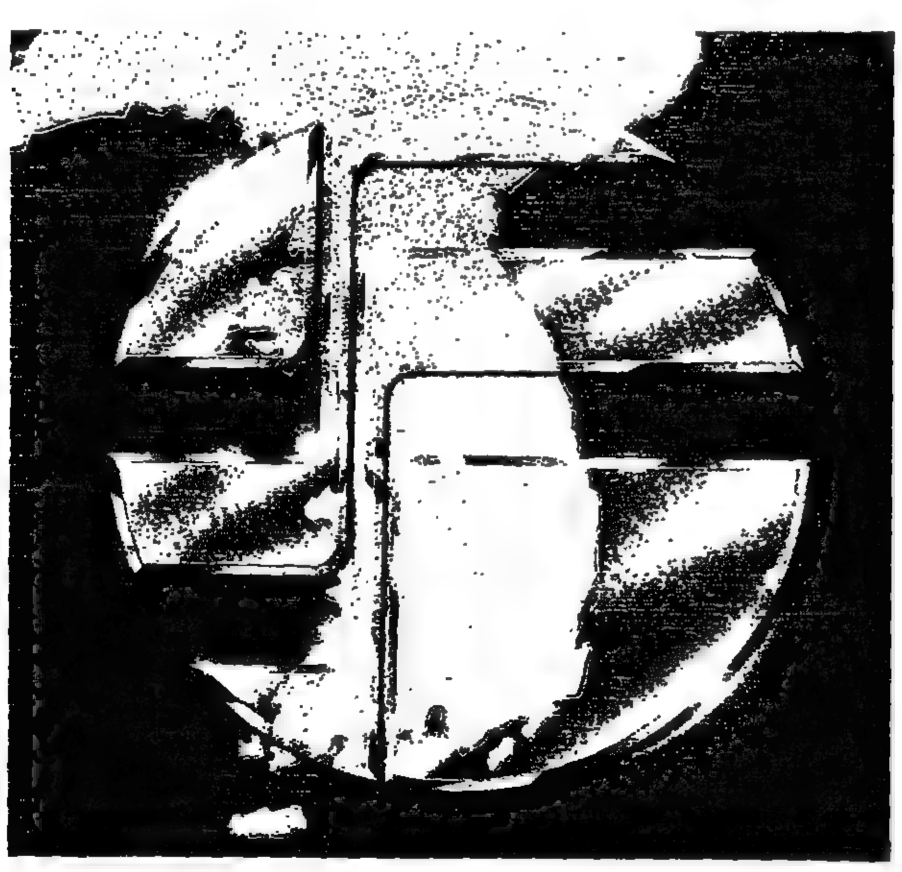
Most foreign banks are involved only in corporate banking, and eschew the even more difficult retail market. The exception is Citibank, which has 11 branches in Korea. According to John Beeman, country corporate officer of Citibank, the retail banking strategy for Citibank in Asia is "sharply focused. The nationwide banks have several hundred branches, so it doesn't cost them that much to set up a new branch. It costs us a lot of money".

The strategy therefore is to concentrate on products which do not require frequent visits to the bank by customers, such as credit cards and telephone banking, and to target upper-income customers. The bank has a policy of "locating branches in upper-income residential neighbourhoods," he said.

Because most Korean housing is high-rise, the population tends to be highly concentrated and one branch can serve a far higher number of people that it would do elsewhere. For example, within one kilometre of Citibank's branch south of the River Han in Seoul are some 200,000 households.

Citibank does not target expatriate clients. In fact, the branch in Seoul's expatriate district was closed, as expatriates do not tend to keep substantial sums of money in the country.

Other foreign banks are not considering entering the retail market. Most of them are preoccupied by the necessity of maintaining their fragile profitability in the corporate sector.



The government says it will raise the ceiling on Korean stocks, writes **Tracy Corrigan**

Light at the end of the tunnel

LESS THAN two years after the Korean stock market was partially opened to foreign investors, the investment limits on most prime Korean stocks have already been reached.

Since January 1992, up to 10 per cent of Korean stocks has been available for foreign investment. According to In-Kie Hong, chairman of the Korea Stock Exchange, 25 per cent of companies have reached their 10 per cent ceiling, with about 200 shares at more than 9 per cent.

"That's most of the big shares," said Sean Goldrick, chief representative of James Capel's Seoul office. The rest of the market consists of shares in companies which are not large enough to interest foreign investors.

While this is proving frustrating for brokers and investors, hope is in sight. According to the Korean government's five-year economic plan, the ceiling on Korean companies will be raised some time between 1994 and 1995 and again between 1996 and 1997.

However, Chang-Yull Lim, assistant minister at the ministry of finance, says he expects the ceiling on foreign investment to be raised in the first half of next year.

Mr Lim said he could not predict by how much the ceiling would be raised. Most market participants are looking for a further 5 per cent, bringing the ceiling to 15 per cent.

The government's gradual approach to liberalisation is dictated primarily by fears that a rapid inflow of foreign investment could fuel inflation. Even with the current limits, the inflow of foreign investment has been substantial: a net $2.6bn in 1992 and a net $3.32bn for the first three quarters of 1993, according to the ministry of finance. This means that 6.2 per cent of the market is owned by foreigners.

'The most important factor is the potential impact of foreign capital on monetary stability'

"The most important factor is the potential impact of foreign capital on monetary stability," said Mr Lim. For example the $3bn of net inflow this year accounted for 21 per cent of total money supply.

However, there are ways around the 10 per cent limit. One is to buy convertible bonds, or bonds with equity warrants issued in the Euro-bond market. Another is to buy stocks which have already reached their ceiling from another foreign investor. An over-the-counter market has developed in foreign-owned stocks, which are bought and sold at a premium. There are 30 to 40 stocks traded in this way, usually at a premium of 3 to 4 per cent, but sometimes at a premium of as much as 50 per cent, as in the case of Korea Mobile Telecom.

But, according to Philip Smiley, branch manager and director of Jardine Fleming Securities, it is "terribly difficult to find a company (stock) in sufficient size to interest a foreign institution". Foreign investors are often loathe to sell, because they are afraid that they will not be able to get back into the market.

In any case, the performance of the Korean stock market has been disappointing, particularly when compared to other Asian markets such as Hong Kong and Thailand.

Korea's relative economic slowdown and declining profitability have weighed down the stock market's performance this year. But expectations of stronger growth next year had buoyed hopes of an improvement.

The introduction of real-name trading in August proved a setback for the market. In an effort to stamp out corruption, the government banned the use of false or borrowed names. False names had been frequently used to avoid tax, or to hide the origin of illegal earnings. About Won3,000bn was held in false-name accounts, estimated to account for 7 per cent of stock investor accounts.

"The market is coming out of a dip," said Mr Smiley. "We felt that there would be a genuine recovery in the last quarter [of 1993], but the [introduction of] the real-name system has knocked that back."

However, the real-name system has been broadly welcomed, particularly as it became clear that the set-back to the market was temporary.

"It is not such a cataclysm as it was first thought," said William Daniel, branch manager of Baring Securities. This was partly because the government had proved flexible in its interpretation of the rules, he said, adding that it was expected eventually to help the market. "It's a positive move and in the long term will bring greater probity," said one broker.

In the longer term, the prospects for the market's development remain attractive, not least because of Korea's strong industrial base – the second largest in Asia after Japan.

Already, the foreign investor base in the market has broadened from specialist regional and country funds to mainstream institutional investors, including a surge of interest from US institutions earlier this year. However, the 10 per cent ceiling has "put an artificial brake on our activity", said Mr Daniel at Baring Securities.

"We've made a substantial investment here. If they don't raise the limit, we'll be hurting," said Mr Smiley.

The planned introduction of stock index futures at the beginning of 1996 is likely to attract foreign investors. A study is under way to devise the form of the contract, as well as a new index.

The current Korean stock-market index, known as Kospi, covers too many small stocks to be viable as the basis for a futures contract. The new index is likely to include 100 to 300 companies, according to Mr Hong of the stock exchange. He added that the futures market would be introduced first, to be followed by options. Interest rate derivatives will be introduced later.


Traders on the Korean stock exchange: long-term prospects for development remain attractive

Outstanding balance of bonds (as of end of June 1993 in trillions of won)

Type	Outstanding balance	Composition
National bonds	15.7	15.68%
Monetary stabilisation bonds	15.6	15.58
Bank bonds	28	27.97%
Corporate bonds	32.7	32.67%
Others	8.1	8.09%
Total	100.1	100.00%

Source: Korea Development Securities

■ THE BOND MARKET

Barriers to foreign investors still in place

THE liberalisation of Korea's financial markets is taking a long time to reach the domestic bond market.

Under the blue-print for economic reform published in June, foreigners will be granted partial access to the bond market from next year. But they will not be able to invest directly in most domestic corporate bonds until after the current five-year plan. Even then, a limit is likely to be set on the total amount of bonds available to foreigners.

However, Korea's high interest rates mean foreign investors are likely to be keen to take advantage of the limited access they will be granted, particularly if real interest rates in the US, Europe and Japan remain meagre.

Under the second stage of the current plan, foreigners will be allowed to invest directly in equity-linked bonds issued by small and medium-sized companies next year. In 1995 they will be able to buy domestic bonds through investment trust-type vehicles. Under the third stage, they will be authorised to invest directly in bonds issued by small and medium-sized companies in 1997.

The big fear is that a large inflow of money into the Korean economy could fan inflation

However, some analysts are cynical about how much foreign interest will be generated in smaller companies, which are unfamiliar and weaker credits. It is the large Korean companies, many of which are now seeking credit ratings from Moody's and Standard & Poor's, which are likely to be in strong demand.

One reason the government been slow in opening the corporate bond market, says Buhmsoo Choi, a fellow of the Korea Development Institute, which advises the government, is that "we don't need a big amount of foreign capital... Our savings ratio and investment rates are very high". Korean companies themselves are more interested in borrowing abroad, where rates are much lower, than in the development of the domestic market, where corporate rates are currently about 13 per cent.

There are also those opposed to liberalisation of domestic interest rates – some companies pay favourable regulated rates. However, the admission of foreign investors and the creation of a more liquid market, including some longer-dated bonds, would be likely eventually to reduce the rates.

The government is held back by macro-economic concerns. "There is a 10 per cent differential between domestic and foreign rates," says Mr Choi. The big fear is that a large inflow of money into the Korean economy could fan inflation, currently at 5 to 6 per cent. With inflation at this level, real interest rates, at about 7 per cent, are high and would therefore be extremely attractive to foreign investors.

"If we just opened up the market, it would cause a lot of disturbance," said Chang-Yull Lim, assistant minister of the ministry of finance. "The first job is to narrow the interest rate differential". He believes this will happen as domestic interest rates are liberalised. Moreover, if the world economy picks up, interest rates elsewhere could start to edge up again.

Korea has a history of chronic inflation, fuelled by monetary expansion in the 1980s, when the government provided low-cost funds to parts of domestic industry. The fear of inflation is the main reason behind the government's so-called "step-by-step" approach. In fact, Mr Choi says the plan is to have raised the limit on foreign ownership of stocks to 25 per cent before opening the bond market further.

Further ahead are plans to develop the government bond market. "We are thinking of developing long-term bonds," said Mr Lim.

The Won35,000bn government bond market is highly illiquid. Much of the paper was issued at below market rates and so is not traded. Most of the paper has a one-year maturity, with some three-year bonds and some illiquid 10-year paper. But the government plans to create a liquid yield curve, with bonds at five, seven and 10 years. "In order to issue more bonds, the government will have to respect market rates," said Mr Choi.

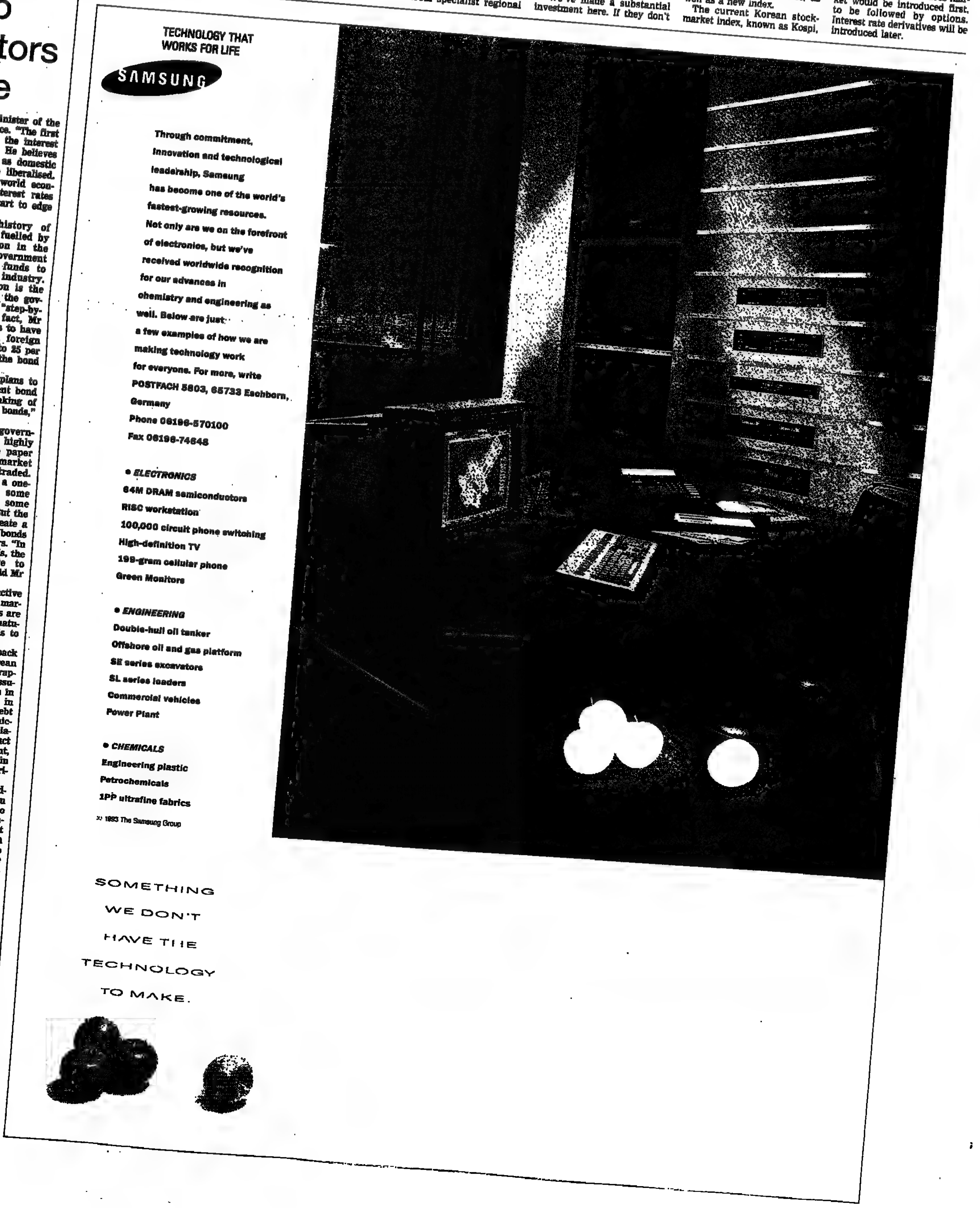
Korea already has an active domestic corporate bond market, but most of the bonds are issued with a three-year maturity. Here too, the plan is to develop a yield curve.

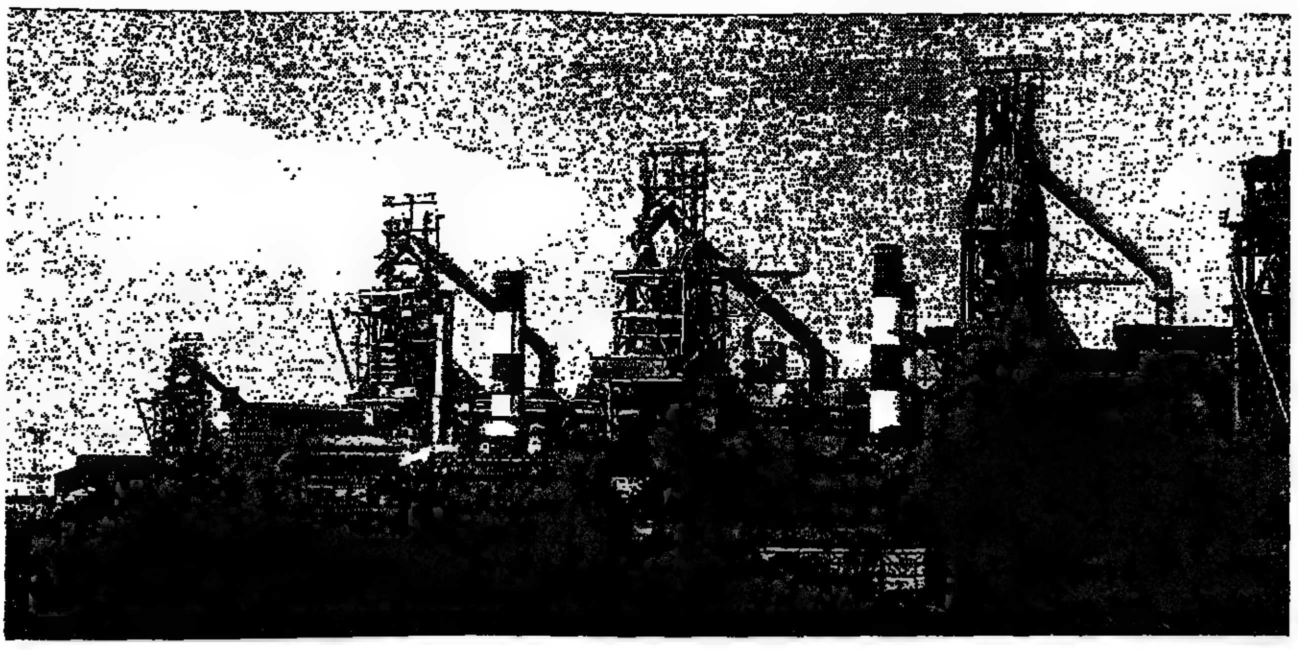
In spite of being held back by restrictions, the Korean debt market has grown rapidly, with corporate bond issuance reaching Won11,155bn in 1992, from just Won963bn in 1980. The proportion of debt (including government, municipal and corporate bonds) relative to gross national product has risen to nearly 20 per cent, compared with 6.9 per cent in 1980, according to the Securities Supervisory Board.

As the amount of outstanding listed bonds has grown (from Won2,500bn in 1980 to Won65,000bn in 1992), turnover in the secondary market has also increased, from Won2,400bn in 1980 to Won45,800bn in 1992. While bonds are listed on the Korea Stock Exchange, most trading takes place in the over-the-counter market. This has been a progressive trend – OTC trading accounted for over 98 per cent of total trading volume in 1992 compared with only 46.3 per cent in 1987, according to Lucky Securities.

In spite of the growth of the market, it remains illiquid and bound by regulations. Nevertheless, foreign investors hungry for yield, would jump at the chance to buy top Korean corporate bonds paying 13 per cent which, with relatively low inflation, would compensate them for any foreign exchange risk. But the government is loathe to open the market until the differential with other markets – the source of attraction for foreign investors – has been reduced.

Tracy Corrigan





Posco's steelworks: the company found taking advantage of the swap market reduced funding costs

Korean companies are limited when it comes to securing cash overseas

Raising global profiles

MANY of Korea's largest companies are competing for business on a global basis, but their ability to raise funds in overseas markets is restricted.

Since domestic interest rates can be as much as 10 percentage points higher than rates in international markets, this puts them at a competitive disadvantage.

It is no surprise, therefore, to find that Korean companies have taken full advantage of the gradual liberalisation of these restrictions and have worked hard to raise their profiles with foreign investors.

"In our case, our capital expenses are so big that we have to secure funding from overseas," said Jang Yeul Koo, general manager, international finance department at Samsung Electronics. "The domestic market is not sufficient to meet our requirements."

However, the Korean government continues to exercise strict control over bond issuance and occasionally delays or reduces the size of issues.

"Many companies are interested in raising money overseas," said Chan-Yull Lim, assistant minister at the Korean ministry of finance. Because of the large interest rate difference, if permitted "everyone will go abroad", says Mr Lim.

"Usually we allow companies to raise money overseas when they will use that money to import from overseas," he says.

The authorities are concerned that excessive overseas borrowing will affect the growth of money supply and cause the level of inflation to rise. For this reason, Korean companies are not permitted, for example, to refinance domestic debt in the international market.

However, the government has raised the limit on overseas borrowing from $1.5bn-$2bn for this year and the level is likely to be the same next year. Firms have to gain approval for each offering and approval is based on the purpose of the financing. Reasons other than capital expenditure, preferably on equipment from abroad, are frowned upon.

"Korean companies would like to be able to be more opportunistic in the market," said one banker.

In spite of restrictions, companies are sometimes able to take advantage of opportunities in the swap market to reduce funding costs. Last year, Pohang Iron and Steel (Posco), needed to borrow yen in order to repay some yen syndicated loans. It proved cheaper to issue debt in dollars and swap into yen. Yon Woon Kim, senior managing director of Posco, estimates that the swap saved the company $14m.

Korean companies have approached the international market gradually. "Korean companies used to be financed by syndicated loans in the 1970s and 1980s," said Edward Kim, general manager, international finance at Korea Development Securities, a wholly owned subsidiary fo the Korean Development Bank.

"In the mid-1980s, they started issuing convertible bonds then as credit perception improved, they were able to issue straight debt," Mr Kim said. As well as offering lower interest rates, the international markets offer more scope for companies to issue longer term debt.

'Korean companies would like to be able to be more opportunistic in the market'

Korean borrowers are reaching an increasingly broad range of investors. Having started by issuing in the Eurobond market, some have now tapped both the US Yankee bond market and the Japanese Samurai bond market.

Some companies have moved into more esoteric markets. Samsung Electronics, for example, is one of the first borrowers ever to set up a programme in the Hungarian Forints Commercial paper market which it will use to finance its plant there.

In order to reach a broader audience of international investors, an increasing number of Korean borrowers are seeking ratings from the leading international credit rating agencies, Moody's and Standard & Poor's. Ratings are considered more necessary for companies that want to issue straight bonds than for those issuing equity-linked bonds.

Since the Republic of Korea was rated A+ by Standard & Poor's in 1988, a number of wholly or partly government-owned entities have achieved the same rating, including the Korean Development Bank (KDB), Korea Electric Power (Kepco) and Korea Telecom.

Moody's does not rate the Republic, but the government-guaranteed KDB and Export-Import Bank of Korea are rated A1 by Moody's.

David Levey, head of sovereign ratings at Moody's said that the much lower level of debt that Korea has achieved and its continued strong economic performance, in spite of some slowdown, had to be balanced against the uncertainty over potential reunification with North Korea.

So far, few industrial companies have gained ratings. Posco is rated A2 by Moody's and A+ by Standard & Poor's, while Samsung Electronics is rated Baa2 by Moody's and A- by Standard & Poor's. However, more companies are likely to seek ratings in the future, although there is a tendency for companies to want ratings only if they will be in the single-A category.

Companies have also made efforts to explain their credits directly to investors. Samsung Electronics, for example, has hosted regular roadshows to coincide with new issues.

Posco, the world's third largest steel producer, was "well known in Asia but not in the west", according to Posco's Mr Kim. In its efforts to develop its investor base, the company holds one-to-one meetings with investors rather than road shows.

Traders in London say that demand for Korean companies' issues is strong, providing issues are correctly priced. Investors generally require a slight premium over similar European or US credits.

Samsung has been active in a wide range of markets and has issued commercial paper as well as long-term debt. So far this year, the company has tapped the US and D-mark CP markets. It is also considering setting up a sterling CP programme, if its sterling requirement proves sufficiently large.

Traders in London say that demand for Korean companies' issues is strong, providing they are correctly priced

The company has a colour television factory in Billingham.

"In the future we will need to diversify our exposure. Our overseas activities are increasing and we need to meet those needs," said Mr Koo, adding that dollars, D-marks and sterling were of particular interest.

Posco, too, has made a "strategic decision to diversify funding sources and investor groups" so that it can continue to finance new projects worldwide, says Mr Kim.

Korean companies have also been active in issuing depository receipts or global depositary receipts. "If we offer equity in the Korean market, it has be at a discounted price. In the foreign markets we can issue at a premium," said Mr Koo of Samsung.

Tracy Corrigan

■ FOREIGN EXCHANGE

Committed to relaxing the rules of the game

THE introduction of new foreign-exchange regulations on October 1 will represent one of first steps taken by the new administration of President Kim Young-sam towards financial liberalisation.

The deregulation measures are seen as a clear indication that the government is committed to introducing a free-floating foreign exchange rate system in 1997 by preparing the establishment of a sophisticated foreign exchange market.

The recent easing of the strict rules on foreign exchange transactions is also closely connected to the opening up of capital markets to foreigners. The entry of foreign investors into the Korean stock market last year, for example, has increased the volume of foreign exchange trades as the inflow of capital from abroad grows.

Domestic companies and banks welcome the relaxation of the rules. Companies have complained of difficulty in hedging against foreign exchange losses because of close government supervision of foreign exchange deals.

Korean banks – seeking new sources of revenue in an increasingly competitive financial sector – see the prospect of growing earnings from hedging and speculation in the foreign exchange market.

The government has heavily policed the foreign exchange market because it feared that currency speculation would cause volatility in the exchange rate and disrupt the country's export-dependent economy.

Under the guidelines, companies will no longer be required to submit original supporting trade documents to banks for most forward foreign exchange transactions in order to prove they are hedging currency risks rather than speculating. Documentation will be exempt for all forward contracts between currencies other than the Korean won and be limited to deals of above $3m involving the won and other foreign currencies.

Companies will also be allowed to settle trade transactions of $100,000 or less in won-denominated letter of credits instead of foreign currency.

The abolition of documentation for most forward foreign-exchange contracts, the most common form of currency hedging, removes an obstacle that hindered corporate access to the foreign-exchange market and hampered their defence against currency losses.

The central bank estimated that Korean companies suffered Won350bn in foreign-exchange losses last year. Losses are expected to more than double this year primarily due to the Korean won's 20 per cent fall against the Japanese yen.

The foreign exchange market in Korea has grown sharply in the past few years

"These measures will not bring about drastic changes to the foreign exchange market in the short-term," says Kim Young-min of the Lucky-Goldstar Economic Research Institute.

One reason is that the government retains effective control over the won's value against other currencies. Although the government has widened the daily interbank foreign exchange rate trading ban to 1 per cent from 0.8 per cent, Mr Kim says: "We know from past experience that an expansion of the allowed range of fluctuation does not immediately cause a proportionate expansion of the actual range of daily fluctuations."

This is because the government dominates the foreign exchange market through the central bank.

Nonetheless, the foreign exchange market in Korea has grown sharply in the past few years, although it remains small compared to those existing in the advanced industrialised countries.

The average daily trading volume of foreign-exchange transactions has increased from $230m in 1990 to $1.2bn this year, with spot transactions accounting for $550m and forward transactions for $470m.

Analysts believe that the foreign exchange market will grow significantly once the government implements additional financial liberalisation measures.

Demand on the foreign exchange market will increase as the government raises the foreign ownership ceiling on domestic stocks and opens the bond market to foreigners by 1995 and the deregulation of overseas direct investments by Korean companies will bolster demand.

The government has also announced that the exchange rate trading ban will be widened, forward contract documentation requirements will be further relaxed and the ceiling on the won-denominated settlement of trade transactions will be raised within two years.

This should prepare the way for internationalisation of the Korean won and its widespread use in the settlement of visible and invisible trade deals after 1997.

Although the government has emphasised that the principle of real demand should guide the foreign exchange market, it is considered inevitable that speculation and the increased flow of capital into the country will exert a stronger influence on the exchange rate. This will increase uncertainties and risks in the foreign exchange market, although it will give Korean companies greater autonomy in managing their forex portfolios.

The government's willingness to accept greater fluctuations in the exchange rate will be a test of its determination to internationalise its capital markets and open up the economy to global influences.

Early advance lost in sharp sell-off

By Terry Byland,
UK Stock Market Editor

MILDLY disappointing October consumer price statistics from the US abruptly wiped out early share gains on the London stock market yesterday, although the final picture was better than on some other European bourses. The FT-SE 100 Index lost the 3,100 benchmark under the influence of a sell-off in stock index futures, but was rallying in the closing minutes of the session.

The final reading put the Footsie at 3,098.5 for a gain of 2.5 on the day. Equities had opened uncertainly following the faltering trend at the overnight close of the US bond market, but then turned smartly higher to reach a mid-session peak of 3,115 on the Footsie, 19 points ahead.

The reaction to the announcement that the US consumer price index had contradicted analysts by gaining 0.4 per cent in October was slow at first. Although nervous ahead of the outcome of the day's auction of 10 year US Federal bonds increased, London was heartened by relatively bullish comments from Washington, where Mr Robert Reich, the US Labour Secretary, said that inflation was "not starting to accelerate."

But in its currently nervous state, the UK equity market was taking no risks and early gains in shares quickly began to evaporate in fairly active trading. With Wall Street also in cautious mode, and the Dow Jones Industrial Average turning off slightly in UK hours, the Footsie was barely able to hold in positive territory in late afternoon.

However, traders stressed that the stock market was not under serious strain. Much of the pressure came from marketmaking firms which were, in turn, responding to rapid changes in the futures market. The big institutions appeared to have resumed their policy of waiting for the Budget speech due at the end of the month from Mr Kenneth Clarke, the British chancellor of the exchequer.

The FT-SE Mid 250 Index remained uncertain, slipping down by 0.6 for a closing reading of 3,440.4. Activity focused around the blue chip stocks, which are more closely futures-related than the second liners. Seaq volume remained good at 778.1m shares compared with 772.2m on Tuesday when retail business was worth £1.5bn, at the top end of the daily averages for the year.

UK strategists pointed out that the more extreme reaction on continental European markets reflected both trading news from leading companies and also the prospect of today's Armistice Day closure of some trading centres.

Falling share prices in the second half of the session provided the backcloth for a raft of unsubstantiated rumours, chiefly focused around newsagency reports of military clashes on the Kuwait-Iraq border. The stock market closed on a calm note although some traders claimed to have scented a weak opening this morning.

Transatlantic concerns showed themselves in a weak pharmaceutical sector and oil shares also closed a few pence easier. But the broad range of UK store and consumer stocks, still buoyed by optimism for a base rate cut at Budget time, performed well even where share prices ended below the day's best. The shock of the day came in Euro Disney shares, which traded throughout the session in London but fell heavily in the wake of the dismal trading statement.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	22,000	80¼	+½
Abbey National†	3,300	405	-4
Albert Fisher	1,000	58	-1
Allied-Lyons†	2,400	548	
Anglian Water†	7,100	605	+14
Argos	213	343	-2
Argyll Group†	6,100	251	-6
Arjo Wiggins†	[illegible]	[illegible]	
Assoc. Brit. Foods†	963	475	
Assoc. Brit. Ports	349	477	+6
BAA†	2,300	899	+10
BAT Inds.†	7,200	555	+9
BET	2,500	123	+2
BICC	1,200	380	-8
BOC†	1,200	681	-4
BP†	8,700	357½	-3½
BPB Inds.	2,100	284	
BT†	9,800	453½	+5½
BT (Pt Pd)	4,500	215	+3½
BTR†	10,000	394	+5½
Bank of Scotland†	594	162	+1
Barclays†	5,400	573	+11
Bass†	2,500	479	-4
Blue Circle†	1,500	284	+4
Booker	385	399	
Boots†	3,100	500	+4
Bowater†	1,100	418	-6
Brit. Aerospace†	1,800	442	+4
British Airways†	7,300	398	+5
British Gas†	10,000	319½	-4
British Land	773	401	+4
British Steel†	14,000	123¼	+1¾
Bunzl	14	131	-1
Burmah Castrol†	536	753	-14
Burton	5,300	77	+1
Cable & Wire.†	8,700	485	+12
Cadbury Schweppes†	1,800	465½	+8½
Calor Group	54	230	+1
Caradon†	2,100	328	+2
Carlton Comms.†	1,400	744	-14
Coats Viyella†	4,400	287½	+½
Comm. Union†	2,500	612	+12
Cookson	234	207	+1
Courtaulds†	921	489	+2
Dalgety	773	438	
De La Rue	598	785	+2
Dixons	4,300	265	+3
Eastern Elect.	788	593	+6
East Midland Elect.	1,200	644	+1
Eng China Clays	735	417	-1
Enterprise Oil†	387	485	-7
Eurotunnel Units	122	455	-5
FKI	98	180½	
Fisons	10,000	138½	-4½
Foreign & Col. I.T.	1,500	282	-1½
Forte†	4,700	229	+5
Gen. Accident†	1,800	688	+10
General Elect.†	4,400	341	+½
Glaxo†	3,500	650	-8
Glynwed Intl.	1,300	308	-1
Granada†	948	473	+6
Grand Met.†	3,300	394	-2
GUS†	1,000	530	+8
GRE†	951	208	+4
GKN	1,400	488	+1
Guinness†	4,600	415	+½
HSBC (75p shs)†	4,200	735	+12
Hammerson "A"	59	357	+1
Hanson†	15,000	276¼	+1¼
Harrisons Crosfield	1,400	179	-1
Hays	3,300	384	-1
Hillsdown	3,000	144	-2
IMI	1,000	296½	+1½
ICI†	1,200	698	-12
Inchcape†	909	479	+8
Johnson Matthey	3	481	
Kingfisher†	1,900	654	+8
Kwik Save	169	599	-8
Ladbroke†	2,700	187½	-4½
Land Securities†	891	730	-5
Laporte	785	685	
Legal & General†	827	485	-8
Lloyds Abbey	271	440	+1
Lloyds Bank†	1,100	582	+2
LASMO	3,800	131	-1½
London Elect.	914	584	+1
Lonrho	273	127	-½
Lucas	7,000	176½	-3½
MEPC†	2,000	498	-3
MFI	2,400	145	+2
Manweb	275	603	-1
Marks & Spencer†	3,600	395	-½
Midlands Elect.	844	598	+4
Morrison (Wm.)	480	94	
NFC†	1,700	246	-5
NatWest Bank†	5,800	553	+6
National Power†	15,000	402½	-9½
Next	2,500	181	
North West Water†	2,500	563	+11
Northern Elect.	591	697	-1
Northern Foods†	1,100	222	-6
Norweb	354	623	+1
Pearson†	695	558	+1
P & O†	11,000	547	-2
Pilkington	998	147	
PowerGen†	4,000	495	
Prudential†	2,000	308	-1
RMC†	714	809	+2
RTZ†	2,700	807	-8
Racal	398	259	-1
Rank Org.†	671	806	-12
Reckitt & Colman†	1,200	658	-16
Redland†	1,400	558	
Reed Intl.†	889	759	-6
Rentokil†	1,900	236	
Reuters†	1,100	1458	+15
Rolls Royce†	7,900	183½	+½
Royal Bk. Scotland†	885	340	
Royal Insurance†	7,500	314	+9
Sainsbury†	3,000	388	-½
Schroders†	25	1265	-8
Scottish & New.†	3,300	488	-2
Scot. Hydro-Elect.	846	380	-7
Scottish Power†	6,400	381½	-10½
Sears†	3,700	116	+1
Sedgwick	1,700	182	-1
Seeboard	247	598	-3
Severn Trent Water†	1,200	585	+6
Shell Transport†	6,100	702	-2
Siebe†	348	562	
Slough Ests.	[illegible]	245	
Smith (W.H.) A	471	487	+7
Smith & Nephew†	3,200	134¼	-1
SmithKline Beecham†	1,700	489	-1
SmithKline Beecham Uts.†	1,900	389	
Smiths Inds.	542	474	+8
Southern Elect.†	2,500	587	+6
South Wales Elect.	53	623	+1
South West Water	147	565	+6
South West. Elect.	255	579	-6
Southern Water	1,100	520	-5
Standard Chartd.†	1,100	1065	+5
Storehouse	328	184	+2
Sun Alliance†	2,800	370	+4
T&N	694	180	+3
TI Group†	1,700	381	+6
TSB†	3,000	229	-½
Tarmac	2,900	139	+1½
Tate & Lyle	555	392	
Taylor Woodrow	8,600	118	
Tesco†	7,300	179	-5
Thames Water†	2,700	520	+8
Thorn EMI†	423	994	
Tomkins†	4,000	239	+3
Trafalgar House	3,900	94½	+2
Unigate	942	371	+6
Unilever†	2,800	1130	+3
United Biscuits†	4,300	330	-8
Utd. Newspapers	1,200	535	-2
Vodafone†	3,100	541	-8
Warburg (SG)†	785	848	-9
Wellcome†	4,100	678	-7
Welsh Water	215	620	+4
Wessex Water	182	607	+3
Whitbread 'A'†	5,800	487	+4
Williams Hldgs.†	664	335	-2
Willis Corroon	1,500	224	
Wimpey	2,100	169	+6
Wolseley†	168	718	-4
Yorkshire Elect.	276	616	+4
Yorkshire Water	695	541	+5
Zeneca†	1,500	737	-15

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:		
Nov 1	Nov 15	Nov 29
Option Declarations:		
Nov 11	Nov 25	Dec 9
Last Dealings:		
Nov 12	Nov 26	Dec 10
Account Day:		
Nov 22	Dec 6	Dec 20

*New time dealings may take place from two business days earlier.

FT-SE Actuaries Share Indices THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3098.5 +2.5	3440.4 +0.6	1529.31 +0.83

	Nov 10	Day's change %	Nov 9	Nov 8	Nov 5	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3098.5	+0.1	3096.0	3077.6	3085.6	2696.8	[illegible]	5.62	22.08	84.68	1129.18
FT-SE Mid 250	3440.4	—	3439.8	3440.7	3450.1	2590.5	3.54	5.76	21.11	65.77	1242.88
FT-SE Mid 250 ex Inv Trusts	3441.1	—	3441.3	3444.4	3465.6	2593.5	3.65	6.18	19.63	87.90	1238.88
FT-SE-A 350	1544.9	+0.1	1543.0	1536.0	1541.0	1303.3	3.76	5.85	21.86	41.36	1152.71
FT-SE SmallCap	1771.77	-0.1	1773.67	1777.35	1784.67	-	3.11	3.84	35.74	38.64	1338.85
FT-SE SmallCap ex Inv Trusts	1757.02	-0.2	1760.78	1784.69	1772.97	-	3.31	4.36	33.26	40.86	1329.80
FT-A ALL-SHARE	1529.31	+0.1	1528.48	1522.14	1527.20	1278.13	3.72	5.54	22.41	40.50	1182.05
1 CAPITAL GOODS(215)	1061.30	+0.2	1059.29	1060.21	1064.91	780.33	3.65	3.95	33.13	30.39	1259.50
2 Building Materials(28)	1203.35	+0.4	1198.56	1189.82	1196.63	791.73	3.61	2.88	50.78	32.08	1408.38
3 Contracting, Construction(29)	1023.79	+0.1	1022.73	1017.14	1029.85	685.56	3.10	1.22	80.00†	24.02	1430.35
4 Electricals(15)	2899.86	-1.2	2936.42	[illegible]	2985.05	2109.47	4.69	3.66	33.58	105.80	[illegible]
5 Electronics(35)	2861.11	+0.1	2858.84	[illegible]	2883.18	2161.26	3.06	[illegible]	21.04	66.47	1254.63
6 Engineering-Aerospace(7)	468.07	+0.8	464.53	459.25	458.38	363.08	3.09	‡	‡	12.12	1641.83
7 Engineering-General(49)	630.28	+0.3	628.29	628.85	628.78	437.60	3.46	[illegible]	22.53	15.39	1270.11
8 Metals & Metal Forming(8)	475.01	+0.7	471.93	479.25	[illegible]	277.57	2.28	‡	‡	7.84	1505.88
9 Motors(23)	455.47	—	455.43	451.30	451.96	320.90	4.85	4.03	34.48	19.41	1280.88
10 Other Industrials(19)	2057.19	+0.1	2055.57	2075.43	2083.27	1808.63	4.82	6.06	19.47	71.85	1073.58
21 CONSUMER GROUP(240)	1660.01	-0.3	1665.47	1660.98	1670.41	1652.56	3.56	6.79	17.62	40.87	971.99
22 Brewers and Distillers(29)	1793.38	-0.1	1795.14	1801.31	1804.12	1936.05	4.16	8.58	14.13	46.54	880.84
25 Food Manufacturing(24)	1328.96	+0.3	1325.12	1322.53	1329.56	1275.43	3.87	7.20	16.43	34.88	1031.77
26 Food Retailing(17)	2302.83	-1.1	2327.96	2326.57	2344.52	2879.22	4.13	11.29	11.00	81.00	725.18
27 Health & Household(21)	3546.43	-1.2	3587.74	3555.02	3610.48	4384.28	3.84	6.48	18.03	[illegible]	856.87
29 Hotels and Leisure(20)	1387.89	-0.2	1390.55	1392.51	1405.44	1118.19	4.24	5.92	21.14	53.05	1128.07
30 Media(34)	2199.48	+0.1	2197.52	2193.37	2205.91	1641.77	2.36	4.64	26.06	38.30	1229.85
31 Packaging and Paper(26)	869.37	-0.4	873.03	874.21	878.45	754.62	3.42	5.34	22.62	22.08	1144.07
34 Stores(35)	1298.09	+0.6	1290.80	1290.14	1285.89	1079.48	2.82	5.46	23.10	24.77	1143.58
35 Textiles(20)	857.96	+0.1	857.12	860.88	862.91	703.54	3.63	6.45	23.13	22.30	1181.17
40 OTHER GROUPS(143)	1668.89	+0.4	1662.01	1653.42	1653.43	1360.57	3.83	6.81	17.70	44.11	1197.48
41 Business Services(27)	1623.08	+0.2	1619.33	1616.10	1606.48	1429.36	2.78	7.33	15.49	32.79	1089.92
42 Chemicals(24)	1523.31	-0.7	1534.27	1537.73	1548.92	1335.69	4.29	0.39	‡	47.67	1105.43
43 Conglomerates(11)	1616.89	+0.6	1607.68	1590.22	1590.17	1331.22	4.75	6.48	17.40	48.87	1210.05
44 Transport(16)	3233.90	—	3232.36	3210.87	3231.05	2573.86	3.62	3.98	[illegible]	89.51	1208.79
45 Electricity(17)	2107.80	-0.7	2123.65	2136.89	2132.45	1487.21	3.79	10.76	11.56	63.67	1397.22
46 Telephone Networks(4)	2049.49	+0.9	2031.98	2012.66	2020.79	1562.00	3.39	6.09	20.11	34.08	1242.30
47 Water(13)	3590.80	+1.5	3536.72	3573.31	3635.92	3357.97	4.97	12.06	9.17	118.71	1142.86
48 Miscellaneous(31)	2536.25	+1.4	2500.91	2448.43	2361.34	2333.99	4.61	7.25	16.51	63.88	1084.10
49 INDUSTRIAL GROUP(667)	1535.78	—	1525.27	1520.98	1526.28	1341.21	3.76	6.21	19.64	39.74	1095.78
51 Oil & Gas(17)	2818.04	-0.7	2837.97	2806.13	2799.76	2141.04	4.00	5.87	22.08	84.22	1304.89
59 "500" SHARE INDEX(515)	1638.04	-0.1	1636.92	1630.72	1635.31	1415.48	3.79	6.15	19.90	43.34	1118.80
61 FINANCIAL GROUP(101)	1192.98	+0.6	1186.48	1179.22	1185.66	847.81	3.83	3.22	46.65	33.65	1414.10
62 Banks(9)	1669.63	+0.9	1654.61	1636.44	1647.79	1190.93	3.22	3.76	36.62	45.27	1491.33
65 Insurance (Life)(6)	[illegible]	-0.3	2067.20	2069.33	2070.49	1873.37	4.46	4.65	27.08	73.50	1216.40
66 Insurance (Composite)(7)	713.19	+1.6	700.86	701.29	704.10	564.58	4.73	‡	‡	28.54	1186.28
67 Insurance Brokers(10)	865.47	-0.2	867.36	863.69	862.16	740.80	4.53	4.63	30.23	26.42	1156.84
68 Merchant Banks(8)	818.27	-1.4	830.26	840.08	844.94	458.00	2.88	7.11	17.26	15.40	1069.56
69 Property(30)	1073.19	-0.2	1075.50	1067.53	1081.97	806.95	3.78	3.76	35.02	33.07	1726.46
70 Other Financial(23)	445.05	-0.9	449.13	450.61	452.25	263.00	3.89	5.26	20.72	10.95	1519.60
71 Investment Trusts(111)	1717.03	+0.3	1711.69	1706.50	1708.40	1254.63	2.40	1.92	52.12	30.05	1313.11
99 FT-A ALL-SHARE(817)	1529.31	+0.1	1528.48	1522.14	1527.20	1278.13	3.72	5.54	22.41	40.60	1182.05

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3087.6	3092.4	3099.4	3108.7	3113.1	3115.0	3106.0	3097.4	3098.6	3115.0	3080.7
FT-SE Mid 250	3436.4	3435.9	3434.4	3439.3	3442.8	3442.7	3440.4	3439.2	3440.3	3443.0	3433.6
FT-SE-A 350	1539.4	1541.2	1543.8	1547.8	1549.0	1550.6	1547.1	1543.5	1544.1	1550.7	1538.6

Time of FT-SE 100 high: 1.00 pm low: 8.39 am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrctn	1938.7	1939.3	1944.2	1947.1	1946.1	1946.1	1946.1	1943.7	1943.7	1943.7	1935.8	+7.9
Health&H	1076.3	1074.8	1076.5	1077.8	1081.0	1081.0	1077.2	1073.1	1070.0	1069.7	1082.6	-12.9
Water	1458.0	1460.0	1462.9	1468.0	1483.1	1482.4	1480.5	1476.7	1481.9	1481.9	1459.2	+22.7
Banks	2014.3	2022.8	2028.6	2033.3	2036.1	2035.9	2029.2	2025.8	2029.6	2029.6	2011.2	+18.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.

The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company.

NatPower sees heavy selling

THE MARKET registered its disappointment with interim results from National Power by marking the shares sharply lower in the face of some aggressive selling pressure.

NatPower's half-time profits came in at £250m, including an exceptional gain of £45m, but in "clean" form were at the bottom of market expectations which were mostly in the region of £210m to £220m.

Dealers said the profits were below consensus and therefore always liable to trigger selling pressure. They added that the market was also upset by a slightly disappointing dividend payment. "The market was going for a dividend increase of up to 18 per cent and got 14 per cent, which means the shares go down," said one trader.

Energy specialists were not too concerned at what was viewed as a below par earnings and dividend performance and said the market was more worried as to whether the regulatory authorities would refer the generators to the Monopolies and Mergers Commission.

The stock dropped to 397p immediately the figures were published, but quickly stablised and eventually stood a net 9½ lower at 402½p. Turnover of 14m was easily the highest in a single trading session for more than two years.

Unigate brightens

Half-year profits from Unigate provided the only bright spot in a food manufacturing sector undermined by a broker's gloomy forecasts.

Smith New Court predicted a further deterioration in trading conditions in reiterating its "underweight" stance. Unigate's figures were at the top end of market forecasts, although there were some one-off benefits and specialists said underlying growth levels reflected the increasingly difficult environment. The shares, however, responded positively, advancing 6 to 371p. Analysts left their full-year forecasts largely unchanged.

In its latest note, Smith attributes its negative stance to pricing pressures from powerful supermarket chains and the disappearance of food price inflation. It said its earnings growth forecast for the sector of around 8 per cent was likely to be dramatically reduced if supermarket price discounting became a permanent fixture. On Tuesday, the broker's food retail research team slashed its sector forecast to virtually nil for the 1994-95 period.

Euro Disney shock

The announcement of colossal losses at Euro Disney triggered a wave of selling in both the UK and French markets. Such was the rush to offload the shares that they were momentarily suspended in Paris. In London, share prices on trading screens were marked indicative only – where marketmakers are not obliged to trade at displayed prices.

At their worst the shares were off more than £1, although they later improved to finish at 436p, down 72 on the day.

The excitement followed the revelation of around £620m losses and the prospect of a large restructuring. Euro Disney has begun discussions with Walt Disney, its parent company, over a financial rescue package.

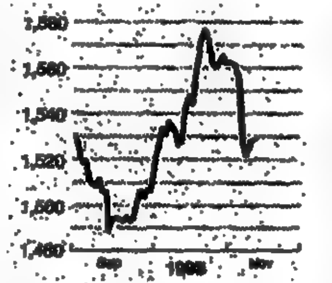
However, Mr Nigel Reed at Paribas, an arch bear of the stock, believes the shares should still be sold, with shareholders facing heavy dilution given the probability of a rights issue. "We believe that after the write-offs today, the net asset value per share is now so low that shareholders are not in a strong position in any eventual restructuring," he said.

Hambros, the merchant bank, suffered the same fate as S.G. Warburg, the sector's leading stock, as the bank's shares tumbled in the face of a steep rise in profits and a good increase in the interim dividend. "The figures were below the very best expectations and that is why the shares are down," said one analyst.

Market forecasts for Hambros' profits had topped the £45m mark and dividend expectations had ranged up to around the 4.6p level. In the event, the bank produced profits of £41.1m and a dividend of 4.5p.

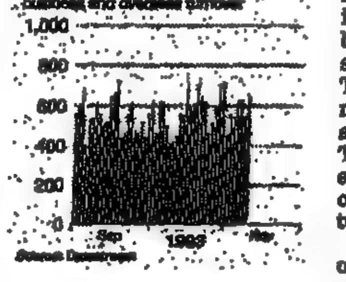
At the close, Hambros shares were 24 lower at 344p on good turnover of 1.8m. S.G. Warburg, the UK's premier merchant bank, and which produced scintillating interim figures on Tuesday, continued to run into bouts of profit-taking, ending 9 cheaper at 848p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Source: Datastream

Dealers said Warburg Securities was largely responsible for big gains in the banks sector and a bullish note on the sector was thought to be imminent. Barclays was the best performer in the leaders, closing 11 higher at 573p on good turnover of 5.4m shares, while National Westminster added 6 at 553p on 5.8m.

Royal Insurance was the outstanding composite insurer, the shares advancing 9 to 314p ahead of today's third quarter numbers which are forecast to show profits in excess of £115m against a loss of £83m during the same period last year. Commercial Union, aggressively bought by Hoare Govett, ran up 12 to 612p while Sun Alliance, where Morgan Stanley was said to have been a substantial buyer of stock, rose 4 to 370p.

British Steel improved 1¾ to 123¼ with turnover approaching 15m after a big bullish trade, said to have been executed by S.G. Warburg, in traded options. Meanwhile, the Bank of New York announced that the holding of British Steel shares in the US had reached 14.84 per cent.

ICI fell 12 to 698p after weakness in New York on Tuesday night. ICI's ADR shares had fallen $¾ to $41¾ on Wall Street.

Shares in Amersham International, the health and scientific equipment group, slipped 11 to 927p in spite of a seemingly dramatic profit rise. Headline half-year profits increased by 71 per cent but were skewed by a £5.6m currency gain. Mr Paul Woodhouse of Smith New Court said: "Growth is solid but I am not sure it supports a p/e of 17 times". Hoare Govett remains a buyer arguing that Amersham is an "outstanding growth stock and still inexpensive."

Suggestions that one of the market's leading agency brokers had attempted and failed in an attempt to place a large block of Burmah Castrol shares in the market late on Tuesday, triggered a sharp mark down of Burmah Castrol shares at the outset of trading. They failed to stage any recovery thereafter, closing a net 14 off at 753p on unremarkable turnover of 536,000 shares.

"With a supposed overhang of around £20m of stock it's not surprising the shares have come under pressure," said one oils specialist. Burmah shares have come under downside pressure since Nomura, the stockbroker, published a bearish note on the shares last week.

Mirror group Newspapers shrugged off concern over its publication of photos of Princess Diana and the shares gained 3 to 154p. It was announced that Mr David Montgomery, MGN's chief executive, had bought an extra 25,000 shares in his company, taking his holding to 100,333. The company said he paid 151.5p a share.

There was another burst by Forte, dealers attributing the rise to a buyer of around 2m shares leaving the market short. the shares advanced 5 to 229p. Granada Group was lifted by News Corp's figures on BSkyB, the shares climbing 6 to 473p.

Among food stocks, Cadbury-Schweppes was helped by a buy note from Smith New Court, one of the broker's few recommendations in a friendless sector. The shares added 8½ to 465½p.

Northern Foods were said to have suffered a downgrade at the hands of Hoare Govett. The shares came off 6 to 222p. Elsewhere, Unilever gained 3 to 1130p ahead of results tomorrow.

Food retailers were again under duress, dealers reporting no let-up in the downward buying pressure. Argyll Group lost 6 to 251p, Kwik Save 8 to 599p and Tesco 5 to 179p.

Stores group Allders gained 14 on its debut, closing at 184p.

Traffic figures from BAA saw the shares jump 10 to 899p. The airport operator reported a 7.9 per cent jump from its three London airports for October, well ahead of the forecast industry rate. This was said to have some effect on the rise in Owners Abroad, up 4 at 82p. However, the stock continued to be plagued yesterday with rumours of a rights issue and problems at its airline division.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

■ Other statistics, Page 19

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (47).
AMERICANS (2) Lockheed, Lowe's, CANADIANS (3) Bank of Nova Scotia, Can. Pacific, BREWERS (1) Matthew Clark, BLDG MATLS (1) Hepworth, BUSINESS SERVS (1) Serco, CHEMS (1) Euro. Colour, CONGLOMERATES (1) Hanson, CONTG & CONSTRCN (1) Campbell & Armstrong, ELECTRICITY (1) China Light, ELECTRONICS (1) Psion, ENG AERO (2) Rolls Royce, Smiths Inds., ENG GEN (2) BSS, Rubicon, INV TRUSTS (6) Fleming Euro. Fledgling, Genesis Malaysia Maju, JF Pacific Wrnt., Mid Wynd, Siam Selective Growth, Tor, MEDIA (2) Avesco, City of London, MTL & MTL FORMING (1) Cohen (A), MISC (3) Berlo, Hornby, Osborne & Little, OIL & GAS (1) Shell Trans., PACKG, PAPER & PRINTG (1) Wood (S.W.), PROP (4) Asda Prop., Estates & Gen. 6pc Pf., Green Prop., High-Point, STORES (2) Courts, Dixons, TELE NETWORKS (1) GN Gt. Nordic, TRANSPORT (3) Brit. Airways, Do. 9¾pc Cv., Mersey Docks & Harbour, MINES (7) Ayer Hitam, Burnine, Gencor, Minorco, Nevan 5pc Nts., Welkom Gold, Western Deep.
NEW LOWS (36).
BRITISH FUNDS (2) AMERICANS (1) Woolworth, BREWERS (2) Grand Met., Merrydown, BLDG MATLS (1) Quiligotti, BUSINESS SERVS (1) Incepta, CHEMS (1) Hickson, CONGLOMERATES (1) Elecoy (J), CONTG & CONSTRCN (1) BB & EA, ELECTRONICS (1) Forward Tech., ENG AERO (1) FR, ENG GEN (2) Beverley, Clayton Son, FOOD MANUF (3) Northern, Utd. Biscuits, FOOD RETAILING (8) Argyll, Iceland, Kwik Save, Low (Wm), Tesco, HEALTH & HSEHOLD (4) Fisons, Shield Diagnostics, Smith & Nephew, Takare, HOTELS & LEIS (1) Euro Disney, MISC (2) Amberley, Shanks & McEwan, OIL & GAS (1) Oceonics, OTHER FINCL (2) Hambro, Policy Portfolio, PACKG, PAPER & PRINTG (2) Bowater, Do. 7¾pc Pf., STORES (2) Bettaware, Hughes (T.J.), TEXTS (2) Dawson, Horace Small Apparel.

FINANCIAL TIMES EQUITY INDICES

	Nov 10	Nov 9	Nov 8	Nov 5	Nov 4	Year ago	*High	*Low
Ordinary share	2342.7	2339.3	2325.3	2332.9	2370.0	2003.0	2414.2	2124.7
Ord. div. yield	3.98	3.95	3.99	3.97	3.89	4.56	4.52	3.82
Earning yld % full	4.82	4.83	4.85	4.83	4.54	6.49	[illegible]	4.47
P/E ratio net	27.12	27.09	26.93	27.05	27.83	18.69	28.39	19.40
P/E ratio nil	25.15	25.12	24.97	25.09	25.82	18.17	28.14	18.14
Gold Mines	235.3	232.2	233.3	235.8	[illegible]	69.8	249.2	89.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation: high 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2334.4	2336.9	2343.1	2351.7	2353.8	2356.0	2347.8	2340.7	2343.4	2358.0	2329.9

Volume	Nov 10	Nov 9	Nov 8	Nov 5	Nov 4	Year ago
SEAQ Bargains	28,736	28,705	30,352	33,579	29,765	28,474
Equity Turnover (£m)†	-	1505.0	1307.9	1738.0	1728.5	1107.4
Equity Bargains†	-	32,142	31,646	36,873	33,527	32,349
Shares traded (mil)†	-	655.2	561.9	628.6	632.5	465.0

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures broke through a significant barrier yesterday, but the effort proved too great and the December Footsie contract ended below the day's best, writes Peter John.

A desultory performance was contrasted by continuing high turnover, with more than 14,000 contracts transacted in the lot for December expiry.

That issue began the day very weakly and hit parity with the cash market at one stage, touching 3,081 at its lowest ebb. This compares with an estimated fair value premium of about 10 points.

In the afternoon it raced through 3,105, a level challenged earlier in the week. Once above that it moved ahead to 3,130, but the buying proved overdone and it settled back to close just above 3,100.

Traders said that in spite of heavy selling last week as US money was repatriated on expectations of rising inflation there, open interest remained high at around 60,000 contracts in December.

It was suggested that UK arbitrageurs bought lots sold by US investment funds.

In traded options, volume was up to just under 40,000 contracts with British Steel topping the list of equity options. Steel's turnover of 3,181 lots was however the result of one deal to buy 3,000 out-of-the-money, January 140 calls at 3p each. Dealers said that, at expiry, the shares must be above 143p for the trade to be profitable.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

Continued on next page

CROSSWORD

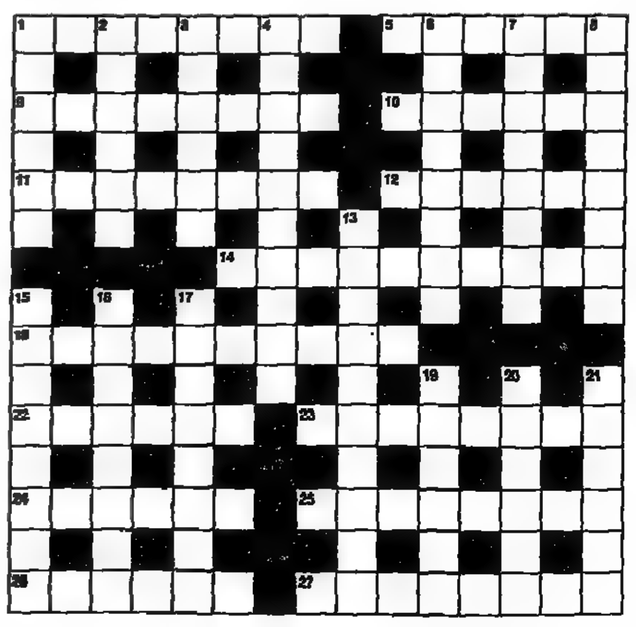
No.8,303 Set by DINMUTZ

ACROSS

1 Member, taking holiday, has a ball (3-5)
5 Least fragment of clothing can produce pain (6)
9 Mission to hold house, together with outbuildings and land (8)
10 Colour of gold found by stream (6)
11 American chap next door (8)
12 Train from Rugby, possibly? (6)
14 Recognise one's rights in such a mean budget? (10)
18 Rhode Island Red, say? (10)
22 The man out in the country air (6)
23 Match association? (8)
24 Brick in vertical dive (6)
25 No townsperson has a beer after 6.50 . . . . (8)
26 . . . . for the rest of the day (6)
27 Fair Isle links with harbour (8)

DOWN

1 Deplore flimsy books (6)
2 So! pigs flying? Just rumour! (6)
3 Society supporting churlish bruisers? (6)
4 One who dodges English classes (10)
6 Body, you say, consumed prune? (8)
7 Note: universal pick-me-up was German originally (8)
8 Neddy's members most at risk from gas? (4,4)
13 Our patient, given treatment, is standing (10)
15 Inspires by rattling the sabre (8)
16 Bag to match jacket (8)
17 Fan here and there, all over the place (8)
19 Provide grant for captain's band (6)
20 Wide perspective of engineer (6)
21 Consternation! Tenor's opening by mistake (6)



Solution 8,302

CELIBATE ASSAIL
O E A E M H O I
ROVER REASONING
N I G M G O E A
EMANATION TRUST
R T I T U I U
CHANGE MANAGER
S A B G U E
CONTAIN BEGGAR
A S I O A T B
BIBLE CABALLERO
I A M E T L N T
ORCHESTRA EXALT
U O N Y I R L L
SANITY PLAYMATE

JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		18½	—	20¾	15⅝	15,848	2.4
Allegheny & W	♥	495p	+10	722p	399p	277.9	4.1
Amdahl		318p	—	591p	234p	357.1	1.0
Amer Cyanamid		34½	-1⅛	38	31⅛	3,088	3.4
Amer Express		21⅜	+⅜	25⅛	14⅞	10,376	3.1
Amer T & T		38xd	+⅛	43¼	33⅛	51,208	2.3
Ameritech		55¾	—	58⅜	46	24,409	4.4
Anheuser-Busch		32⅞xd	+⅛	41⅛	29⅛	9,097	2.9
BankAmerica		28⅛	+⅛	38⅛	27⅛	10,132	3.3
Bankers NY		51⅜	+⅜	54⅛	42⅛	4,278	4.0
Bell Atlantic		42¾	–½	44⅛	32⅛	18,594	4.2
BellSouth		39½	–½	42⅞	32⅞	19,613	4.7
Bethlehem Steel	♥	11⅛	—	13⅜	8½	1,008	–
Bowater		1317p	+21	1682p	1169p	477.2	3.0
CPC		31⅛	+⅛	34⅞	28	4,895	2.7
California Engy		1194p	—	1479p	1096p	217.4	–
Chase Manhattan		21⅜	—	24⅞	17⅞	3,424	3.7
Chrysler		37⅛	–⅛	39	21⅛	10,860	1.1
Citicorp		24⅛	+⅛	28	13⅞	8,958	–
Colgate-Palm		38⅜	+⅛	46⅞	32	6,197	2.5
Cont'l Bank		1632p	+14	1677p	1278p	1,649	2.4
Dana		38¼	+⅛	39⅞	29⅜	1,758	2.8
Data General		648p	+11	961p	527p	178.3	–
Decora Inds	♥	98p	—	146p	99p	–	–
Dun & Brad		45⅞	+1½	45⅞	37⅛	8,179	3.6
Eaton		34⅛	–⅛	37⅛	25⅜	2,417	2.3
Echlin		22⅛	–⅛	22⅛	15⅛	1,285	2.1
FPL		25⅛	–⅛	27⅛	23⅛	4,610	6.5
Ford Motor		41⅛	–⅛	43⅛	28⅛	20,355	2.8
Gen Elect		64¼	+⅜	67⅛	53⅛	54,872	2.8
General Host	♥	468p	–24	723p	456p	–	4.8
Gillette		41⅝xd	+⅛	42⅞	31⅛	9,174	1.3
Hasbro		20⅞	—	20⅞	20⅞	1,819	0.8
Honeywell		22⅛	+⅛	28½	20⅞	4,587	2.7
Houston Inds		31⅛	-1⅛	33⅛	28⅛	4,182	6.3
Ingersoll-Rand		25⅛	+⅜	25⅜	19⅛	2,703	1.8
Lockheed		47⅞	+⅛	47⅞	35⅛	2,938	3.0
Loew's		3374p	+3	3374p	1573p	2,461	0.6
Maby Technology		346p	—	354p	127p	–	–
Merrill Lynch		60½	–½	66⅞	37	8,732	1.8
Morgan (JP)		49⅛xd	+⅛	52⅞	38⅛	9,245	3.3
Morris (Philip)		37⅞	+1	52⅞	39	33,191	4.6

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MERCHANT BANKS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf		118½	-½	123½	93	13.8	9.0	-
8¼pc Non-Cum Prf		131¾	-½	136	113	52.7	0.3	-
Close Bros	‡N	458	—	465	250	208.6	3.0	16.7
Hambros	‡†□	344	-24	403	243	603.7	5.3	15.7
7½pc Cv Pf		144½	-8½	164	111½	216.8	6.5	-
Joseph (L)	‡	418	—	428	313	21.9	5.0	-
Kleinwort Benson	‡†□	508	-8	530	312	872.4	4.1	17.6
Rea Bros	‡†□	62	—	64	39	20.4	1.3	55.3
Schroders	‡†N□	1246	-8	1336	467½	1,257	1.2	24.8
N/V	†‡	1128	-5	1315	387½	315.8	1.4	22.5
Singer & Fried	‡uN□	80	—	83	48	153.9	4.7	-
Warburg (SG)	‡†N□	940	-9	940	529	1,840	2.9	12.2
Wintrust	‡	320	—	325	188	27.1	3.6	28.6

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MOTORS

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
Signet	N□	29¾	+1	41¼	11	87.2	-	-
6⅞p Cv Pf		47¼	—	61½	11	17.1	-	-
Smith (WH) A	N□	467	+7	498	400	1,293	3.8	16.3
B	N□	104	—	108	83	144.8	3.4	17.0
Storehouse	N□	194	+2	229	176	805.1	3.2	25.0
Stylo	‡N	218	—	218	89	40.2	1.8	-
T & S Stores	†□	155	—	181	148	99.8	4.8	11.5
Tie Rack	□	151	-1	182	71	77.9	0.8	24.7
Upton & Sthn	N□	3	-¼	8	1¾	3.79	-	-
Wld of Leather	‡N	66	—	78	45	5.37	-	-
Wyevale	‡†G	181	-4	198	146	55.6	3.0	23.9

TELEPHONE NETWORKS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
BT	‡N†□	463½	+3½	479½	376	28,764	4.4	17.6
Cable & Wire	‡N□	495	+12	509	334½	10,577	1.9	25.4
7pc Cv Ln '08		£235½	+6	£245½	£165	737.8	3.0	-
Gt Nordic		[illegible]	+¾	[illegible]	[illegible]	214.0	1.7	-
Securicor	†	1120	—	1120	917	46.5	0.3	42.6
A N/V	†□	830	—	835	562	671.5	0.4	31.6
Security Servs	†□	740	—	745	465	811.2	0.9	36.6
Vodafone	N□	541	-9	585	387	5,442	1.6	24.5

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Stilfontein		80	—	119	18	10.6	7.8
Vaal Reefs		£59¼	+1⅜	£60¾	£18	7,057	3.6
Western Areas		540	+19	578	26	217.7	0.9
Western Deep		£27¼	+⅝	£27¼	£5⅞	735.2	2.2
Zandpan		65	—	68	18	71.6	5.5
O.F.S.							
Beatrix		339	+11	539	150	318.7	4.5
FS Cons		997	-3	1000	292	1,174	4.8
Free State Dev		61	—	80	8	13.6	-
Harmony		322	-5	380	78	86.8	-
Joel (H.J.)		51	+6	55	14	50.0	-
Loraine		227	+1	238	13	37.2	-
St Helena		676	-6	683	191	65.0	3.5
Unisel		138xd	—	201	58	38.8	4.8
Diamond and Platinum							
Anglo Am Inv	†	£14xd	—	£14	£8	1,400	4.4
De Beers Lkd Uts	†	[illegible]	[illegible]	£14⅛	£7⅝	4,918	3.8
40pc Pf		350	—	375	300	2.80	11.1
Impala Plat	‡	776	—	1010	491	480.7	3.6
Lydenburg		850	—	850	620	150.5	2.1
Northam Plat		85	+1	264	84	49.0	-
[illegible] Red Lake		85	—	85	6	23.4	-
Rustenburg		£10⅝	-¼	£12	£6½	1,331	3.1
Central African							
Wankie Col Z$		31	—	34	10	7.86	1.7
Willoughby's	‡	98	—	113	71	3.57	2.5
Pfd	‡	60	—	80	18	3.96	‡
Zambia Cpr $BD		65	—	84	66	70.7	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
ф Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
ф Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMRO 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT7498. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro SS

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

SS Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	173.8	182.7	—	—
Equity Acc Fd	453.0	477.8	-0.7	—
Managed Acc Fd	405.6	426.9	—	—
Prop Fd (1st Issue)	–	872.0	—	—
Prop Acc Fd (2nd Iss)	152.8	160.7	—	—
Trust Mngd Fd	238.3	250.9	—	—
RL Pension Funds				
Deposit Acc	285.3	300.3	+0.1	—
Equity Acc	349.1	367.5	-0.8	—
Fixed Int Acc	273.1	287.4	—	—
Gilt Indx Lnk Acc	209.5	220.5	—	—
Managed Acc	465.3	489.8	—	—

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline 041-307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	109.4	115.2	-0.20	—
JRA/M&G Managed	136.5	143.7	+0.80	—
JRA/Scottish Amicable Mngd	127.8	134.4	+0.70	—
JRA/St James's Place Mngd	149.5	157.4	—	—
Deposit	102.8	108.1	+0.10	—
Far East	157.0	165.3	+0.50	—
Gilts	122.9	129.4	+0.70	—
Greater European	133.9	141.0	+1.10	—
North American	149.9	157.8	+1.70	—
UK Equity	129.2	136.0	+0.10	—
Pension Funds				
JRA/M&G Managed cap	135.8	143.0	+0.60	—
JRA/M&G Managed acc	144.3	151.9	+0.70	—
JRA/Scottish Amicable Mngd cap	127.4	134.1	+0.10	—
JRA/Scottish Amicable Mngd acc	135.3	142.5	+0.10	—
JRA/St James's Pl Mngd cap	163.0	171.6	—	—
JRA/St James's Pl Mngd Acc	173.1	182.3	—	—
Deposit cap	101.8	107.2	—	—
Deposit acc	108.1	113.8	—	—
Far East cap	156.9	165.2	+0.40	—
Far East acc	166.7	175.5	+0.40	—
Gilts cap	118.6	124.9	+0.70	—
Gilts acc	125.9	132.6	+0.70	—
Greater European cap	136.3	143.5	+1.30	—
Greater European acc	144.7	152.4	+1.40	—
North American cap	150.1	158.0	+1.40	—
North American acc	159.4	167.8	+1.50	—
UK Equity cap	128.5	135.3	+0.10	—
UK Equity acc	136.5	143.7	+0.10	—

Royal Heritage Life Assurance Ltd

Scottish Mutual Assurance plc - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Property Fund	118.1	124.4	—	—
Cash Fund	168.9	177.8	—	—
Pens Safety Fnd	279.3	294.1	-0.7	—
Pens Growth Fnd	237.3	249.8	-0.1	—
Pens Opportunity Fnd	240.4	253.1	-0.1	—
Pens Whittle Varsity Fnd	189.5	199.5	-0.3	—
Pens UK Equity Fnd	230.4	242.6	-0.2	—
Pens UK Smlr Co's Fnd	193.8	204.1	—	—
Pens European Fnd	300.3	316.2	-1.4	—
Pens Far East Fnd	399.7	420.8	+5.7	—
Pens Japanese Fnd	134.9	142.1	+0.8	—
Pens Nth American Fnd	310.1	326.5	-1.2	—
Pens International Fnd	293.7	309.2	-1.3	—
Pens Gilt/Fxd Int Fnd	239.6	252.2	-0.4	—
Pens Index-Linked Fnd	191.8	201.9	-0.2	—
Pens Property Fnd	128.4	135.2	—	—
Pens Cash Fund	208.5	219.3	+0.1	—
Pens Halifax Fnd	220.0	231.6	—	—

Scottish Provident Group
6 St Andrew Sq, Edinburgh 031-556 9181
Scottish Provident Institution Funds

Sun Alliance Group - Contd.

CMI Insurance Co Ltd
Clerical Medical Hse, Douglas I.O.M.

MANAGEMENT SERVICES

United Financial Corporation Ltd
Saxon House, Heritage Gate, Derby 0332 385588

	Bid Price	Offer Price	+ or -	Yield Gross
UFC Secure (RH)	121.5	128.0	-0.1	—
UFC Growth (RH)	118.2	124.6	-1.9	—
UFC Executive (RH)	245.2	258.2	—	—

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 6XF 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
J.D. Ward Mngd Pens	176.1	185.4	+0.8	—
Albany Life Acc	256.3	269.9	+2.3	—
Albany Worldwide Pens	350.0	368.4	+2.7	—
M&G Tribos Pen Acc	252.6	266.4	—	—
NPI Ind Gr Pen Acc	239.6	252.2	-0.5	—
Scottish Equitable Pension	181.7	190.7	+0.6	—

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda

OFFSHORE INSURANCES

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 63, Bond Street, St Helier, Jersey 0534 604814

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stlg Fixed Int	3½	21.374	1.374xd	1.423		
Offshore High Yield	3½	21.574	1.578	1.635	+0.08	7.04
Global Equity Fund	5½	£17.29	17.40	18.0		
European Equity	5½		22.30			
UK Growth (CI Fund)	5½	£6.500	5.634	5.91		
Nth American Eqy	5½	£11.86	11.86	12.4		
Far Eastern Eqty	5½	£15.87	15.82	15.92	+0.03	0.00
International Bond	5½	£14.44	14.46	15.46	+0.14	0.00
Intnl. Bond Fund						
Sterling Managed	3½	£12.29	12.26xd	12.80	+0.01	7.19
US Dollar Managed	3½	$14.12	14.12xd	14.74	-0.01	5.56
International Currency Fund						
Sterling Managed	3½	£33.26	33.26	34.47	-0.01	
US Dollar Managed	3½	$31.42	31.42	32.85	-0.03	
Sterling	0	£30.05	30.05	30.05	+0.01	4.72
US Dollar	0	$40.38	40.38	40.38		1.74
Deutschmark	0	DM71.48	71.48	71.48	+0.01	5.34
Japanese Yen	0	Y5159	5159	5159		1.04
Swiss Franc	0	SF63.21	63.21	63.21	-0.01	3.05
Irish Punts	0	I£25.99	25.99	25.99		5.06

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 284242

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lloyds Tst. Gilt	3½	10.820	10.820xd	11.280	+0.020	5.35

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 606000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Circuit Portfolio	6	1.3147	1.3147	1.3940	+0.0002	0.09
Gilt	3	1.0462	1.0462xd	1.0818	+0.0006	6.72

Prudential Fund Managers (Jersey) Ltd
PO Box 103, St Helier, Jersey 0534 70006
Prudential Currency Fd (Formerly Vanbrugh Currency Fd)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income (A & B)	5	212.70	212.70xd	222.40	+0.5	3.41
Growth (C & D)	5	336.10	336.10	352.50	+0.6	

For Royal Trust see Royal Bank of Canada

Royal Bank of Canada (Jsy) Fd Mgt Ltd (1400)F
PO Box 194, St Helier, Jersey 0534 283484

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Govt Secs Fd	4	56.65	56.65	58.98		7.48

Standard Bank Fund Mgmt (Jersey) Ltd
PO Box 583, St Helier, Jersey CI 0534 67557

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Bond	5		16.30	17.25	+0.03	3.08
Sterling Bond	5		10.19	10.84	+0.01	6.45
Sterling Cap	5		43.25	43.26	-0.01	4.42

TSB Trust Funds (CI)
PO Box 538, St Helier, Jersey 0534 503000
TSB Offshore Investment Fund Ltd

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stg Deposit Class	3	101.80	101.80xd	104.85	+0.01	5.00
Gilt & Fixed Interest	3	125.89	126.89xd	131.12	+0.43	5.21
Blue Chip & Gilt Edged	5	64.42	64.42xd	67.81	-0.11	3.48
International Bond	5	142.58	142.58xd	149.82	+0.02	5.03
UK Equity	5	276.91	284.32xd	298.28	-0.79	0.00
International Equity	5	213.84	217.40xd	228.84	+1.30	0.71
Far Eastern	5	208.81	210.22xd	221.81	+1.16	0.00
European	5	152.48	153.57xd	161.44	+0.24	0.00
Pan American	5	461.25	457.82xd	482.45	+4.86	0.00
TSB Gilt Fund Ltd						
Quarterly Shares	3	111.78	111.78xd	115.42	+0.32	6.89
Monthly Shares	3	110.37	110.37xd	113.80	+0.32	7.06

JERSEY (REGULATED)(**)

Barclays Intl Funds
Asian Selection Funds

	Bid Price	Offer Price	+ or -	Yield Gross
China	$8.294	8.783xd	+0.073	0.0
Hong Kong	[illegible]	[illegible]	[illegible]	0.0
Indonesia	[illegible]	[illegible]	[illegible]	0.0
Japan	[illegible]	14.23xd	-0.231	0.0
Korea	$9.678	10.079xd	-0.118	0.0
Malaysia	$11.872	12.300xd	-0.157	0.0
Philippines	$27.384	28.480	+0.031	0.0
Singapore	$22.152	23.300	+0.475	0.0
Thailand	$16.500	17.402xd	+0.336	0.0
South East Asia	$32.271	33.969xd	+0.329	0.0
US Dollar Liquidity	$35.872	37.760xd	+0.028	0.0
	$9.483	9.988xd	-0.020	0.4

Cater Allen Investment Management (CI)

	Bid Price	Offer Price	+ or -	Yield Gross
CA Gilt Income	£5.94	6.21xd	-0.02	10.10
CA Equity Grwth	£4.92	5.08		2.04

Citibank (CI) Ltd "Citifunds"
Short term Investment Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Irish £ Nov 11	140.2086		+0.189	
Equity Funds				
Japan Equity Nov 11	$9.5164		-0.478	
US Em Hith Nov 8	$21.9138		+0.033	
US Em Tech Nov 8	[illegible]			

[illegible]

Banque Scandinave a Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg
Skandifonds
Skandifond Equity Fund

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Int. Acc	5		16.74	18.02		3.17
Equity Global	5		1.49	1.52	-0.01	
Equity Natural Res	5		1.25	1.27		
Equity Japan Acc	5		105.85	108.92	-0.58	
Equity UK	5		1.5	1.52	+0.01	
Equity Nordic	5		1.39	1.41	-0.02	
Equity North America	5		2.09	2.11	+0.02	
Equity Mediterranean	5		0.91	0.93	-0.01	
Equity Cont Europe	5		1.61	1.63	+0.01	
Skandifond For East						
For East Global	5		4.37	4.43	+0.04	
Skandifond Bond Fund						
Bond Int. Acc	1		12.79	12.93	+0.02	6.64
Europa Bond Acc	1		1.59	1.61	-0.01	7.15
Bond-DEM Acc	1		1.29	1.32		6.64
Bond USD Acc	1		1.48	1.48	+0.01	6.79
Bond Swedish Acc	1		17.36	17.36	-0.02	
Skandifond International Sicav						
Intl Emerging Markets	5		1.36	1.38		

Barclays Diversified Portfolio
14 rue Aldringen L-1118 352 4790 2500

	Bid Price	Offer Price
IPB Deutschmark Reserve	92.22	
IPB Sterling Reserve	10.75	
IPB Swiss Franc Reserve	31.11	
IPB US Dollar Reserve	20.98	
IPB European Bond	19.93	
IPB North American Bond	21.94	
IPB Espana	3862	
IPB Europe	12.69	
IPB Japan	27.06	
IPB Pacific Rim	29.71	
IPB United Kingdom	12.08	
IPB United States	21.03	
IPB Hedged Global Int Bd	20.79	
IPB Hedged Global Bd Stg	10.55	

Barclays Inv Funds (Luxembourg)
41 Avenue de la Gare L-1611 010 352 404344
Equity Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Equity	5½		1.042	1.105	-0.003	0.2
Intl Equity	5½		1.561	1.662	+0.002	0.5
North Am Eqty	5½		30.53	32.85	+0.00	0.2
Pacific Eq	5½		8.913	9.477	+0.04	0.3
UK Equity	5½		1.185	1.261	+0.00	2.2
Bond Fund						
International Bond	3½		98.44	102.02	+0.15	6.2

CMI Asset Management (Luxembourg) SA
203 route d'Arlon, L-1150 Lux 010 352 4560
CMI Managed Portfolio Investment Company (u)

	Bid Price	Offer Price	+ or -
Safeguard Portfolio F	1.300	1.351	+0.001
Growth Portfolio F	1.223	1.302	-0.003
Enterprise Portfolio F	1.209	1.288	+0.005

CMI Global Network Fund (u)

[illegible]

Commercial Union Luxembourg SA (u)
41 Ave de la Gare L-1611 010 352 [illegible]
Commercial Union Privilege Portfolio

[illegible]

INVESCO International Limited - Contd.
Premier Select Funds

	Bid Price	Offer Price	+ or -
American Growth	5.62	5.97	
American Enterprise	9.25	9.81	
Asia Tiger Grth	10.15	[illegible]	
Dollar Reserve	5.22	5.23	
European Growth	4.54	4.82	
European Enterprise	5.36	5.69	
Global Emerging Mkts	7.84	8.32	
Global Growth	5.08	5.40	
Greater China Opp	6.70	7.11	
Nippon Enterprise	6.94	7.37	
Sterling Reserve	5.10	5.11	
UK Growth	5.05	5.37	
Nippon Growth	4.37	4.65	
Taiwan Growth	4.8700	4.9800	

Jupiter Tyndall Global Fund
13 rue Goethe L-1637 Luxembourg 010 352 404681

	Bid Price	Offer Price	+ or -
China Portfolio	1.87	1.97	+0.06
China Portfolio	2.75	2.80	+0.07
Tiger Portfolio	2.81	3.87	-0.01
Tiger Portfolio	4.29	4.51	-0.04
European Portfolio	1.50	1.59	+0.01
European Portfolio	2.21	2.33	-0.01
Wall Street Portfolio	1.92	2.03	+0.02
Wall Street Portfolio	2.82	2.98	+0.01
British Lion P'folio	1.42	1.50	
British Lion P'folio	2.08	2.20	-0.02
International P'folio	1.97	2.08	+0.01
International P'folio	2.90	3.05	
Japan Portfolio	1.30	1.38	+0.01
Japan Portfolio	1.92	2.02	
High Yield P'folio	1.25	1.32	
High Yield P'folio	1.84	1.94	
Korea Vision Portfolio	1.45	1.54	+0.09
Korea Vision Portfolio	2.15	2.27	+0.12
Taiwan Portfolio	1.27	1.34	-0.02
Taiwan Portfolio	1.88	1.99	-0.02
UK Smllr Cos Portfolio	1.22	1.29	-0.02
UK Smllr Cos Portfolio	1.81	1.91	-0.03

Kleinwort Benson Japanese Warrant Fund
14 rue Aldringen Luxembourg 010 352 4790-1
NAV $- 6.276

Kleinwort Benson Select Fund (u)
14 Rue Aldringen L-1118 Luxembourg 010 352 47901

	Bid Price	Offer Price
Britain	2.95	3.13
Emerging Asia	3.06	3.20
European	2.23	2.36
Japanese	2.12	2.26
Kabuto Warrants	18	19.10
North American	2.59	2.74
Dollar Bond	2.14	2.25
International Bond	2.63	2.78
European Bond	3.45	3.62
Convertible Bond	2.57	2.70
Yen Bond	384.59	404.22

For Latin American Securities see Foreign & Colonial

Liberty ALL-STAR World Pfolio-Eqty Fd(n)
2 boulevard Royal, Luxembourg 010 352 4560
NAV (z) $- 13.28

Lloyds Bank Luxembourg
1, Rue Schiller, Luxembourg 010 352 4082121
Lloyds International Portfolio

	Bid Price	Offer Price
Canadian Dollar Bds	137.12	146.21
Swiss Franc Bonds	128.04	129.69
Deutsche Mark Bonds	[illegible]	[illegible]
French Franc Bonds	140.49	143.64
Sterling Bonds	143.57	146.88
Yen Bonds	12661	12946
Dutch Guilder Bonds	132.50	135.48
US Dollar Bonds	128.94	128.80
ECU Bonds	138.15	142.28
Multicurrency Bond	116.69	119.31
Europe Equity	119.24	121.92
Japan Equity	9366	9597
North America Equity	102.60	104.91
Pacific Equity	167.37	171.14
Smaller Cos	22.14	22.64
UK Equities	138.29	141.48
World Equity	115.23	117.82
Gold	120.57	123.28
Convertible	135.78	138.85
Warrant	72.45	74.09

Midland International Circuit Fund SICAV(n)
Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey

	Bid Price	Offer Price	+ or -
UK Growth	1.134	1.203	+0.002
European Growth	1.310	1.383	+0.001
European Oppo	2.673	2.834	-0.008
Japan Growth	[illegible]	[illegible]	[illegible]

[illegible]

Banque Ferrier Lullin (Lux) SA

	Bid Price	Offer Price	+ or -
FL Tst Switzerland	SFr141.25		+0.40
FL Trust Asia	$151.48		

Banque Indosuez Luxembourg
FranceAvenir Nov 4 FFr1126403.84

Banque Paribas Luxembourg

	Bid Price	Offer Price	+ or -
NCS Europe & Income	$10.53		(z)
Paribas Swap	$5.66		(z)

CB Fund International (u)
CB Fd Inf $13.16 (z)

CSFB Umbrella

	Bid Price	Offer Price	+ or -
Pacific Inv Port I Nov 10	$1125.80		-89.82
Pacific Inv Port II Nov 10	$1717.80		-79.03

Capel-Cure Myers Intnl Fd Sicav (u)

	Bid Price	Offer Price	+ or -
Sterling Bond	£11.62	11.89	+0.05
Sterling Growth	£13.77	14.53	+0.04
US Dollar Bond	$10.91	11.25	+0.01
US Dollar Growth	$11.08	11.72	+0.02

Citicorp Investment Mgnt (Luxembourg) SA
Super Asia Infrastructure $15.87 +0.20

Clemente Korea Emerging Growth Fund
NAV Oct 31 $12.37 +0.88

Credit Commercial de France

	Bid Price	Offer Price
Euro Smlr Cos Class A	Ecu14.36	
Euro Smlr Cos Class B	Ecu14.36	
Euro Prestige Cls A (u)	Ecu12.08	
Euro Prestige Cls B (u)	Ecu12.21	

Credit Lyonnais Rouse (Bermuda) Ltd
CLR SELECT October 31

	Bid Price
Diversfd US$ Tradg	$11.08
Diversfd DM Tradg	DM24.18
Diversfd FFr Tradg	FFr50.87
Diversfd A$ Tradg	A$11.27
Diversfd US$ Gtd May 99	$11.15
Diversfd A$ Gtd Jan 2000	A$12.02
Financial US$ Tradg	$10.39
Financial DM Tradg	DM21.86
Currency US$ Tradg	$9.71
Currency DM Tradg	DM20.69

Credit Suisse

[illegible]

Daiwa Japan Gem Fund

NICAM Asia Pacific Umbrella Fund

	Bid Price	Offer Price
Asia-Pacific	$14.19	14.49
Hong Kong	$13.93	14.23
Singapore	$13.59	13.87
Malaysia	$15.43	15.75
Thailand	$16.32	16.66
Indonesia	$13.73	14.01
Philippines	$13.98	14.28
Oceania	$11.25	11.49

*Price as at November 3

Nikko Bank (Luxembourg) S.A.

	Bid Price	Offer Price
US Index Fd -SICAV NAV	$10.79	
Euro Index Fd NAV	Ecu12.58	

Income Alpha Fund

	Bid Price	Offer Price
Portfolio A Shs	$98.98	
Portfolio B Shs	$-	

*Price as at November 9

Nomura Asian Infrastructure Fd SICAV
NAV $18.75 +0.01

Nomura Rosenberg Alpha Fund Mark II

	Bid Price	+ or -
Portfolio A NAV	$18.05	+0.01
Portfolio B NAV	$17.30	-0.01

Norit Currency Fund

	Bid Price
NCF USD	$808.48
NCF DEM	DM878.08
NCF CHF	SF907.63
NCF FRF	FFr4467.17
NCF JPY	Y83695.00
NCF BEF	BFr28400.00

Pacific Basin Growth Fund

	Bid Price	+ or -
NAV A Shs	$11.81	+0.01
NAV B Shs	$16.75	+0.10

Rosenberg Global Mngt Co SA (u)
Rosenberg Alpha Fund Global

	Bid Price	+ or -
Portfolio A NAV	$11.18	-0.10
Portfolio B NAV	$13.44	-0.11

Rosenberg Management SA (u)
Rosenberg Alpha Fund Yield

	Bid Price	+ or -
Portfolio A NAV	$10.31	-0.03
Portfolio B NAV	$12.02	-0.02

Rosenberg US Japan Mngmt Co SA (u)
Rosenberg Alpha Fund US Japan

	Bid Price	+ or -
Portfolio A NAV	$10.36	-0.09
Portfolio B NAV	$12.30	-0.10

Edmond de Rothschild Group
In house fund
Asian Capital Holdings $59.75820
Edmond de Rothschild Group
Other funds

	Bid Price
Asia Japan Emerging	$15.04300
Five Arrows Asia Pacific Fund (u)	
Japan Recovery	$13.03199
Asian Opportunities	$18.74403
Japan Small Cos	$9.34352
The French Prestige Fd	$22.53840
The French Prestige Fd	FFr133.18
M-Fund Dollar Growth	$108.07

SCI/TECH SA
SCI/Tech NAV $19.48 +0.02

Scudder, Stevens & Clark
Scudder Global Opportunities Funds

	Bid Price	+ or -
Global Equity Fund		
Class A (z)	$16.42	+0.01
Class B (z)	$16.43	-0.01
US Quality Growth Fund		
Class A (z)	$15.71	+0.03
Class B (z)	$15.72	+0.03
Emerging Markets Growth Fund		
Class A (z)	$17.40	+0.18
Class B (z)	$17.41	+0.18
Global Bond Fund		
Class A (z)	$18.93	-0.01
Class B (z)	$18.94	-0.01
Emerging Markets Income Fund		
Class A (z)	$15.80	
Class B (z)	$15.28	
US Mortgage-Backed Securities Fund		
Class A (z)	$14.80	+0.02
Class B (z)	$15.20	+0.03
US Short Term Income Fund		
Class A (z)	$15.11	+0.01
Class B (z)	$15.14	+0.02

Target International Ltd
Intl Growth Fd $23.01 -0.13

CA Securities Investment Fund Mngmt Ltd
Hung Govt Debt Nov 5 HUF10547

CDC International

	Bid Price	+ or -
GFI Short Term Nov 5	FFr169263.43	+118.87
GFI Long Term Nov 5	FFr157312.44	-237.18

Capital International
Capital Inc Fund $126.18

Cathay Clemente (Holdings) Limited
NAV Sep 30 HK$7.76

Chameleon Funds Limited
Panmure Gordon & Co Limited – UK Representative
UK Equity Fund £130.39 132.07

The China Fund
NAV Nov 5 $11.06

China Investment Company
NAV Sep 30 $9.84

The China Invest & Development Fd Ltd
NAV Nov 1 $10.31 +4.98

Citizens Investment Trust Mgt Co Ltd

	Bid Price
Korea Growth Tst LAV Nov 8	$31.52
Korea 1990 Tst NAV Nov 8	$4.05
Seoul Tst Ixr Tst NG Nov 2	$11.03

Columbus Asset Management Ltd
New NEEmerg Fund Inc $11.1878

Connaught Investments Ltd (Hong Kong)

	Bid Price	Offer Price
Connaught World Growth	$22.83	24.46
Connaught Indonesian Gth	$3.16	3.33
Connaught Pacific Wrrt	$15.61	16.40
Connaught Dancacuca Fd	$15.69	16.48
Connaught Malaysian	$20.23	21.25
Connaught HK Special Sec	$13.62	14.32
Connaught Venture Ptnfo	$11.45	12.04
Connaught Pacific Est	$23.81	25.01
Connaught Thailand Fd	$24.38	25.58

Craig Drill Capital Ltd
NAV Jul 31 $129.90

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

	Bid Price	Offer Price	+ or -
Asian Smlr Cos Nov 3	$12.89	13.60	
Asian Spec Sits	$30.62	32.17	
Indonesian Growth Nov 9	$13.28	13.96	
Pacific Gth Nov 4	$26.79	28.14	
Asia-Pacific Growth	$2.79	2.83	
Singapore Growth	$2.45	2.58	+0.01
Funds Portfolio Nov 4	$17.50	18.39	+0.01
Pakistan Gth Nov 8	$10.32	10.85	
Pakistan Spec Sits Nov 8	$-	10.71	
China Gth Nov 3	$10.74	11.29	
Regional China	$0.925	0.975	-0.003

Credit Lyonnais Rouse (Bermuda) Ltd
Systemtrend Ltd $22.179

Cregem International Bank

	Bid Price
Cregem Leveraged	Ecu140.00
Cregem Forex	$160.40

Crystal Corporation N.V.
Cris Class A/B Nov 5 $84.56 87.12

DWS Deutsche Ges. F. Wertpapiersp

	Bid Price	Offer Price
Investa	DM83.55	87.73
Provesta	DM126.79	131.87
Inversa	DM74.09	75.84
Inter-Renta	DM36.63	37.73

Daehan Investment Trust Co Ltd

	Bid Price
Korea Trust NAV Nov 8	$51.59
Seoul Trust NAV Nov 9	$29.79
Daehan Korea Trust NAV Nov 9	$9.36
Daehan Asia Trust NAV Nov 9	$12.01

Daiwa APT Japan Fund
Daiwa APT Japan $8.1504 8.2803

Daiwa Intl Capital Management (H.K.) Ltd

	Bid Price
Indonesia Equity NAV	$9.06
Malaysia Equity NAV	623.04
Dicam Asian Era Nov 4	$14608.78
Dicam Asian Gth Nov 4	$17022.32

Daiwa International Capital Mngt (Sing) Ltd
DICAM Malaysian Eq $10001.86

Daiwa Japanese Equity Warrant Fund
Jap Eqty Wnt Nov 9 $221.59 332.89 -56.86

Group One International Tst
Merrill Lynch
Shearson Lehman Hutton

	Bid Price	Offer Price	+ or -	Yield Gross
GAMA UCITS Series 1	$586.55	623.87	+0.90	8.14
GAMA UCITS Series 2	$919.59	968.72	+0.07	7.28
GAMA UCITS Series 3	$1011.83	1063.99	+0.81	6.28
Intl Second Canadian Bd Ser	$1008.67	1060.02	+4.98	7.34
First German Bond Series	$807.05	825.06	-4.72	5.84
First German Bond Series	DM1025.59	1062.07	-0.31	5.84

Hasenbichler Asset Management GmbH

	Bid Price
Commodities AG Nov 4	$501.3
Commos Incte Inc Nov 4	$115.65
AFFT Sical First Futs Nov 4	$1378

Haussmann Hldgs NV Curacao
Haussmann Oct 31 $669.20 701.14

The India Magnum Fund NV
NAV Oct 29 $38.71

Indian Opportunities Fund Ltd
NAV Nov 3 $9.76

Indosuez Asia Invest Services Ltd

[illegible]

The Jaguar Fund N.V.
NAV Nov 4 $546.53

The Japan Capital Secured Trust
NAV May 17 $9.2982

Jardine Fleming Inv Mngt Ltd

	Bid Price	+ or -
JF Fledgling Jpn NAV Nov 8	$2.1596	
JF Japan OTC NAV Nov 8	$13.25	
JF Pac Wrt NAV Nov 5	$8.04	+0.76
JF Asia Select NAV Nov 8	$1.47	
JF Philippine NAV Nov 8	$15.22	
JF Indonesia NAV Nov 8	$1.86	

Jardine Fleming Unit Trusts Ltd
Asia Pacific

[illegible]

Pacific Growth Fund
NAV $16.78 +0.01

Pakistan Fund
NAV Nov 4 $6.80

Pequot International Fund Inc
NAV Nov 5 $203.34

Philippine Income Fund Inc
NAV Nov 4 $10.98

Portuguese Investment Fund Ltd
NAV Nov 4 $78.5193

Putnam International Advisers Ltd

	Bid Price	+ or -
Emrg Hlth Sci	$37.77	+0.22
Emrg. Info. Sci.	$37.03	
High Inc GNMA (z)	$9.02	+0.01
International Fund	$14.64	-0.04
Global Hi Gth Fnd	$17.01	-0.03
Global Govt. Inc. Tst.	$15.18	

Quantum Group

	Bid Price	Offer Price	+ or -
Quantum Fund	$28525	27329	-114
Emerging Growth Fd	$331.06	341.48	-1.02
Quasar Intl Fd	$249.60	257.37	+0.31
Quota Fund	$268.25	277.07	+0.81
Realty Trust	$138.00	141.0	
UK Realty Fund	£107.0	109.0	+0.50

Real Estate Strategies Ltd
IRES International C$- 1173.06

Regent Fund Management Ltd

	Bid Price
Undervalued Assets Ser 1	$10.05
Leveraged Futures	$118.25
New Korea Growth	$10.13
Pacific Arbitrage Co Ltd	$8.38
Pacific Arbitrage Co Ltd	Y908.0
Pacific Hedge	$-
R.L. Country Warrant	$205.16

Republic New York Funds

	Bid Price
Global Currency Nov 5	$1082.90
Global Currency II Nov 5	$1009.94
Global Fixed Inc Nov 5	$1036.11

Rosenwald, Roditi & Co Ltd

	Bid Price
Asia Securities Invest NAV	$1013.35
Korea Non-Life Invest NAV	$115.50

Rothschild Asset Management (CI)
Tokyo Pac (Sealand) $175.88

Royal Trust Intl Money Market Fund

	Bid Price
RT Money US$ Acc	$1.0507
RT Money US$ Inc	$1.0069
RT Money C$ Acc	C$1.0834
RT Money C$ Inc	C$1.0215
RT Money UK£ Acc	£1.1189
RT Money UK£ Inc	£1.0384
RT Money SFR Acc	SFr1.0601
RT Money SFR Inc	SFr1.0074
RT Money DM Acc	DM1.0944
RT Money DM Inc	DM1.0173
RT Money Fd Yen Acc	Y1.0200
RT Money Fd Yen Inc	Y1.0111

Sabre Futures Fund

	Bid Price
Diversified A Shs	$26.23
London Currency	$31.14

Safra Republic Holding

	Bid Price	+ or -
Republic Glory Dollar Income	$10.86	-0.08
Republic Glory Europe Income	DM10.76	-0.01
Republic Latin Am Allocation	$108.55	
Republic Latin Am Argentina	$107.83	
Republic Latin Am Brazil	$109.04	
Republic Latin Am Mexico	$105.74	
Republic Latin Am Venezuela	$105.05	
Republic GAM	$143.99	
Republic GAM Growth US$	$158.01	
Republic GAM Growth CHF	SFr114.03	
Republic GAM Pacific	$143.45	
Republic GAM America	$122.78	
Republic GAM Europe CHF	SFr122.48	
Republic GAM Europe US$	$-	
Republic GAM Em Mkts Global	$132.37	
Republic GAM Em Mkts Latin Am	$105.83	
Republic GAM Opportunity	$119.76	

Schroder Investment Management Limited
Cap US Equity Nov 8 $11.12 1.28

Schroder Japanese Warrant Fund

[illegible]

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

FOREIGN EXCHANGE

Dollar features in subdued day

Activity in the foreign exchange market was relatively subdued as traders squared positions ahead of today's holidays in many important markets, *writes Conner Middelmann.*

However, the US dollar had another volatile day and weakened significantly against the Japanese yen and the D-Mark in late London trading. It closed at DM1.6920, down from DM1.6950 the previous day, and fell as low as DM1.6870 in London after-hours trading. Against the Japanese unit, it ended at Y107.20, down from Y108.25 at Tuesday's close.

Throughout the morning, most currencies languished in narrow ranges as traders awaited the release of the October US consumer price index. Following the publication of much lower-than-expected producer prices on Tuesday, traders were looking to the latest CPI data for a clarification of the inflation outlook in the US.

In the event, the 0.4 per cent month-on-month rise in the overall inflation rate was broadly in line with market forecasts, although some who had hoped for a lower number after Tuesday's weak PPI data were disappointed.

"The CPI numbers indicate we don't have to revise our inflation picture, despite Tuesday's PPI," said Mr Rainer Marian, senior market analyst at Landesbank Hessen-Thüringen in Frankfurt.

He expects the dollar to continue trading in a DM1.68-DM1.71 range near-term and the dollar-D-Mark rate to continue tracking the yield spread between German 10-year bonds, or bunds, and 10-year US Treasury notes. The benchmark bund currently yields 5.88 per cent, some 12 basis points over its US counterpart, and as that gap narrows, the dollar is likely to appreciate further against the D-Mark, Marian says. However, he warns that the next leg of the rally could be preceded by a correction back to around DM1.67.

The D-Mark gained some support yesterday after comments by Mr Alexandre Lamfalussy, the future president of the European Monetary Institute. He said the date of 1997 for creation of a single EC currency was "improbable", which was seen as an indication that the D-Mark would remain the strongest currency in Europe.

Sterling made up most of the losses it posted on Tuesday and posted solid gains on largely technical trading. Against the D-Mark it ended at DM2.4975, up from DM2.4900 on Tuesday, and against the dollar it closed at $1.4760, up from $1.4685.

The Belgian franc weakened further as market participants focused on the spectre of widespread strikes over controversial plans for a social pact. The currency weakened to BFr21.42 to the D-Mark, compared with BFr21.35 at Tuesday's close. Belgium and France will be closed today for a national holiday.

After stabilising during early London trading, the Canadian dollar later came under further selling pressure.

£ IN NEW YORK

Nov 10	Latest	Previous Close
£ Spot	1.4760-1.4767	1.4865-1.4890
1 month	0.35-0.34pm	0.35-0.34pm
3 months	0.84-0.83pm	0.83-0.82pm
12 months	2.47-2.40pm	2.45-2.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov 10	Previous
8.30 am	80.2	80.4
9.00 am	80.3	80.4
10.00 am	80.2	80.3
11.00 am	80.2	80.3
Noon	80.2	80.3
1.00 pm	80.1	80.3
2.00 pm	80.3	80.2
3.00 pm	80.2	80.3
4.00 pm	80.4	80.1

CURRENCY RATES

Nov 10	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.947230	0.786423
US Dollar	3.00	1.39590	1.13003
Canadian $	4.63	1.81795	1.47724
Austrian Sch	6.25	16.5066	13.4702
Belgian Franc	6.00	42.5895	41.0659
Danish Krone	7.25	8.33314	7.64085
D-Mark	5.75	2.34529	1.91544
Dutch Guilder	5.25	2.63629	2.14925
French Franc	-	8.18980	6.67917
Italian Lira	8.0	2295.47	1888.93
Japanese Yen	1.75	148.903	121.232
Norway Krone	-	10.1986	8.34543
Spanish Peseta	-	N/A	153.759
Swedish Krona	11.50	N/A	9.27773
Swiss Franc	4.25	2.06784	1.65217
Greek Drach	21	N/A	274.198
Irish Punt	-	N/A	0.806489

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Nov 9

CURRENCY MOVEMENTS

Nov 10	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.4	-29.25
U.S Dollar	66.4	-10.60
Canadian Dollar	92.5	-8.53
Austrian Schilling	114.7	+16.78
Belgian Franc	111.2	-1.85
Danish Krone	114.1	+8.91
D-Mark	124.8	+32.84
Swiss Franc	113.8	+23.20
Dutch Guilder	119.7	+22.08
French Franc	106.6	-8.77
Lira	77.5	-36.81
Yen	182.4	+121.34
Peseta	87.8	-32.87

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Nov 9

OTHER CURRENCIES

Nov 10	£	$
Argentina	1.4695 - 1.4700	0.9990 - 1.0000
Australia	2.2130 - 2.2145	1.5055 - 1.5065
Brazil	289.140 - 289.150	196.095 - 196.700
Finland	8.5185 - 8.5480	5.7960 - 5.8150
Greece	359.520 - 357.210	242.990 - 243.000
Hong Kong	11.3605 - 11.3620	7.7285 - 7.7295
Iran	2453.45 - 2456.35	1669.00 - 1671.00
Korea(Sth)	1184.80 - 1184.95	806.000 - 806.100
Kuwait	0.43825 - 0.43960	0.29860 - 0.29910
Luxembourg	53.45 - 53.55	36.20 - 36.30
Malaysia	3.7465 - 3.7480	2.5485 - 2.5495
Mexico	4.7185 - 4.7480	3.2100 - 3.2300
N.Zealand	2.7195 - 2.7245	1.8500 - 1.8535
Saudi Ar	5.5150 - 5.5160	3.7515 - 3.7525
Singapore	2.3400 - 2.3415	1.5920 - 1.5930
S.Af (Cm)	4.9435 - 4.8450	3.3630 - 3.3645
S.Af (Fn)	6.5230 - 6.5380	4.4375 - 4.4475
Taiwan	39.50 - 39.55	26.85 - 26.90
U.A.E.	5.3990 - 5.4000	3.6725 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov. 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Dutch Guilder	2.19672	2.14925	-2.16	5.01	-
D-Mark	1.94964	1.91544	-1.75	4.58	-
Spanish Peseta	154.250	153.739	-0.33	3.05	2
Irish Punt	0.808628	0.806489	[illegible]	3.02	2
Portuguese Escudo	192.854	195.154	1.71	1.02	-11
French Franc	6.53883	6.67917	2.15	0.59	-18
Belgian Franc	40.2123	41.0659	2.17	0.58	-18
Danish Krone	7.43679	7.64085	2.74	0.00	-19

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Indicative values only. Divergence indicators are based on 15% band fluctuations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4670 - 1.4768	1.4755 - 1.4765	0.34-0.32cpm	2.72	0.85-0.83pm	2.28
Canada	1.9135 - 1.9330	1.9260 - 1.9270	0.27-0.23cpm	1.56	0.68-0.57pm	1.30
Netherlands	2.7825 - 2.8125	2.8025 - 2.8125	par-¼cdis	-0.53	¼-½dis	-0.53
Belgium	53.10 - 53.65	53.45 - 53.55	12-16cdis	-3.14	30-38dis	-2.58
Denmark	9.8390 - 9.9750	9.9650 - 9.9750	3-3⅞oredis	-3.01	6¾-7¼dis	-2.88
Ireland	1.0475 - 1.0540	1.0500 - 1.0510	0.04-0.07cdis	-0.63	0.16-0.21dis	-0.70
Germany	2.4830 - 2.5000	2.4950 - 2.5000	⅛-¼pfdis	-0.90	½-⅝dis	-0.80
Portugal	254.30 - 256.75	255.75 - 256.75	88-163cdis	-5.80	201-407dis	-4.75
Spain	198.90 - 200.80	200.50 - 200.80	66-82cdis	-4.43	195-215dis	-4.09
Italy	2417.60 - 2437.60	2432.00 - 2433.00	6-7lire dis	-3.21	20-22dis	-3.45
Norway	10.8030 - 10.8950	10.8850 - 10.8950	1⅛-⅛orepm	0.76	1⅝-1¼pm	0.53
France	8.6505 - 8.7150	8.7000 - 8.7100	⅛-⅜cdis	-0.35	2⅛-2⅝dis	-1.09
Sweden	11.9780 - 12.1450	12.1350 - 12.1450	1⅛-2⅛oredis	-1.79	4-5⅛dis	-1.61
Japan	157.06 - 158.85	157.75 - 158.75	½-⅜ypm	3.32	1⅝-1¼pm	3.32
Austria	17.48 - 17.57	17.54 - 17.57	⅝-1⅛grodis	-0.64	2⅛-2⅛pm	0.50
Switzerland	2.1901 - 2.2075	2.1975 - 2.2075	⅛-⅛cpm	1.02	⅛-⅛pm	1.14
Ecu	1.3010 - 1.3065	1.3045 - 1.3055	0.15-0.19cdis	-1.56	0.44-0.50dis	-1.44

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.48-1.45pm. 12 Month 2.49-2.42pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4670 - 1.4785	1.4755 - 1.4765	0.34-0.33cpm	2.72	0.85-0.83pm	2.28
Ireland†	1.3985 - 1.4050	1.4000 - 1.4010	0.40-0.38cpm	3.34	1.08-1.03pm	3.01
Canada	1.3055 - 1.3120	1.3075 - 1.3085	0.11-0.13cdis	-1.10	0.27-0.33dis	-0.92
Netherlands	1.8960 - 1.9040	1.9015 - 1.9025	0.49-0.51cdis	-3.13	1.28-1.34dis	-2.75
Belgium	36.20 - 36.40	36.20 - 36.30	17.00-19.00cdis	-5.95	46.00-49.00dis	-5.19
Denmark	6.7430 - 6.7680	6.7535 - 6.7575	[illegible]	-5.86	8.05-8.75dis	-4.97
Germany	1.6890 - 1.6975	1.6915 - 1.6925	0.48-0.49pfdis	-3.44	1.28-1.30dis	-3.05
Portugal	173.15 - 173.85	173.30 - 173.40	125-129cdis	-8.79	344-354dis	-8.05
Spain	135.60 - 136.30	135.80 - 135.90	79-83cdis	-7.15	213-220dis	-6.37
Italy	1646.25 - 1654.00	1647.75 - 1648.25	8.00-8.50lire dis	-6.01	23.00-23.50dis	-5.68
Norway	7.3640 - 7.3870	7.3750 - 7.3800	1.30-1.60oredis	-2.36	3.60-4.00dis	-2.06
France	5.8885 - 5.9180	5.8950 - 5.9000	1.89-1.93cdis	-3.88	4.90-5.05dis	-3.37
Sweden	8.1720 - 8.2525	8.2225 - 8.2275	3.05-3.35oredis	-4.67	[illegible]	-3.91
Japan	106.75 - 108.15	107.15 - 107.25	0.06-0.05ypm	0.62	0.31-0.30pm	1.14
Austria	11.8880 - 11.9300	11.9000 - 11.9050	3.25-3.55grodis	-3.43	8.45-9.35dis	-2.98
Switzerland	1.4885 - 1.4990	1.4925 - 1.4935	0.18-0.21cdis	-1.57	0.34-0.39dis	-1.38
Ecu†	1.1260 - 1.1318	1.1285 - 1.1295	0.42-0.40cpm	4.36	1.07-1.04pm	3.74

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6 - 6⅛	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5½ - 5⅜
US Dollar	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3⅛	3⅜ - 3¼	3½ - 3⅜	3¾ - 3⅝
Can. Dollar	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅜ - 4¼	4⅞ - 4⅝
Dutch Guilder	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½
Swiss Franc	4⅞ - 4⅝	4⅞ - 4⅝	4⅝ - 4½	4⅜ - 4¼	4¼ - 4⅛	4⅛ - 4
D-Mark	6⅝ - 6½	6⅝ - 6½	6⅝ - 6½	6⅜ - 6¼	6⅛ - 6	5⅞ - 5¾
French Franc	7 - 6⅞	7 - 6⅞	6⅝ - 6½	6⅝ - 6½	6⅝ - 6½	6⅜ - 6¼
Italian Lira	10 - 8	9⅛ - 8⅞	9 - 8⅞	9 - 8⅞	8⅞ - 8¾	8⅝ - 8½
Belgian Franc	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9	8⅞ - 8⅝	7⅞ - 7¾	7⅝ - 7½
Yen	2⅛ - 2½	2⅝ - 2½	2½ - 2⅜	2⅜ - 2¼	2¼ - 2⅛	2¼ - 2⅛
Danish Krone	9⅛ - 9	9½ - 9	8½ - 8	8⅛ - 7⅞	7⅞ - 7½	7¼ - 6⅞
Asian $Sing	3⅛ - 2⅞	3½ - 2⅞	3⅛ - 2⅞	4 - 3	4 - 3	4⅛ - 3⅛
Spanish Peseta	10⅛ - 9⅞	10 - 9⅝	9⅞ - 9⅝	9⅝ - 9⅜	9⅛ - 9	9 - 8⅝
Portuguese Esc	11⅞ - 11⅛	11⅞ - 11⅛	11⅞ - 11⅛	11⅞ - 11⅛	11⅛ - 10⅞	10⅞ - 10⅝

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 4⅝-4⅝ per cent; four years 5⅛-4⅞ per cent; five years 5⅜-5⅛ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.10	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.476	2.498	158.3	8.705	2.203	2.808	2433.	1.927	53.50	200.7	1.305
$	0.678	1	1.692	107.2	5.898	1.493	1.902	1648	1.306	36.25	136.0	0.884
DM	0.400	0.591	1	63.37	3.485	0.882	1.124	974.0	0.771	21.42	80.34	0.522
YEN	6.317	9.324	15.78	1000.	54.99	13.92	17.74	15370	12.17	338.0	1268	8.244
F Fr.	1.149	1.695	2.870	181.8	10.	2.531	3.226	2795	2.214	61.46	230.6	1.499
S Fr.	0.454	0.670	1.134	71.88	3.951	1	1.275	1104	0.875	24.29	91.10	0.592
N Fl.	0.356	0.526	0.890	56.37	3.100	0.785	1	866.5	0.686	19.05	71.47	0.465
Lira	0.411	0.607	1.027	65.06	3.578	0.905	1.154	1000.	0.792	21.99	82.49	0.536
C $	0.519	0.766	1.296	82.15	4.517	1.143	1.457	1263	1	27.76	104.2	0.677
B Fr.	1.869	2.759	4.668	295.9	16.27	4.118	5.249	4548	3.602	100.	375.1	2.439
Pta	0.498	0.735	1.245	78.87	4.337	1.098	1.399	1212	0.960	26.65	100.	0.650
Ecu	0.766	1.131	1.914	121.3	6.670	1.688	2.152	1864	1.477	41.00	153.8	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
111	2-63	3-14	0-03	1-00
112	2-02	2-36	0-06	1-21
113	1-13	1-63	0-17	1-49
114	0-36	1-32	0-40	2-18
115	0-13	1-07	1-17	2-57
116	0-03	0-51	2-07	3-37
117	0-01	0-35	3-05	4-22
118	0	0-24	4-04	5-10

Estimated volume total, Calls 3972 Puts 7385
Previous day's open int. Calls 97485 Puts 57440

LIFFE EURO SWISS FRANC OPTIONS
SFr 1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9500	0.57	1.07	0	0
9525	0.33	0.83	0.01	0.01
9550	0.11	0.60	0.04	0.03
9575	0.02	0.37	0.20	0.05
9600	0.01	0.18	0.44	0.11
9625	0	0.07	0.68	0.25
9650	0	0.03	0.93	0.46
9675	0	0.02	1.18	0.70

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 2981 Puts 2450

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9850	1.05	1.65	0.04	0.48
9900	0.63	1.28	0.12	0.64
9950	0.31	0.94	0.30	0.86
1000	0.13	0.71	0.62	1.12
1005	0.05	0.52	1.04	1.43
1010	0.02	0.37	1.51	1.78
1015	0.01	0.26	2.00	2.17
1020	0	0.18	2.48	2.59

Estimated volume total, Calls 9466 Puts 8171
Previous day's open int. Calls 232813 Puts 180043

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9325	0.59	[illegible]	0	0
9350	0.35	1.08	0.01	0.01
9375	0.14	0.82	0.05	0.02
9400	0.04	0.59	0.20	0.04
9425	0.02	0.38	0.43	0.08
9450	0.01	0.22	0.67	0.17
9475	0	0.12	0.91	0.32
9500	0	0.08	1.16	0.51

Estimated volume total, Calls 2993 Puts 2365
Previous day's open int. Calls 234785 Puts 114179

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
1135	1.66	2.00	0.34	1.72
1140	1.30	2.52	0.48	1.94
1145	0.98	2.26	0.67	2.18
1150	0.73	2.02	0.91	2.44
1155	0.53	1.80	1.21	2.72
1160	0.37	1.60	1.55	3.02
1165	0.24	1.41	1.92	3.33
1170	0.16	1.24	2.34	3.66

Estimated volume total, Calls 1347 Puts 1523
Previous day's open int. Calls 56286 Puts 38494

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9375	0.71	0.82	0	0.01
9400	0.47	0.59	0.01	0.03
9425	0.26	0.47	0.05	0.06
9450	0.12	0.29	0.16	0.13
9475	0.05	0.16	0.34	0.25
9500	0.02	0.08	0.58	0.42
9525	0	0.04	0.79	0.63
9550	0	0.02	1.04	0.86

Estimated volume total, Calls 2810 Puts 3675
Previous day's open int. Calls 178881 Puts 141413

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	113-30	114-09	113-27	114-09
Mar	113-07	113-14	113-11	113-16

Estimated volume 51295 (73473)
Previous day's open int. 108258 (105521)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	99.51	99.78	99.43	99.80
Mar	99.59	99.84	99.54	99.90

Estimated volume 114513 (137368)
Previous day's open int. 182813 (173402)

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL) DM250,000 100ths of 100% *

	Close	High	Low	Prev.
Dec	102.47	102.81	102.46	102.82
Mar	102.63			102.78

Estimated volume 1835 (985)
Previous day's open int. 24943 (25231)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Dec	115.25	115.37	115.29
Mar	114.51	114.63	114.51

Estimated volume 2703 (2229)
Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Dec	114.82	115.27	114.50	114.87
Mar	114.58	114.97	114.60	114.86

Estimated volume 49952 (54829)
Previous day's open int. 85649 (85609)

10% NOTIONAL SPANISH GOVT. BOND (BONOS)
Pts 20m 100ths of 100%

	Close	High	Low	Prev.
N				
A				
N				
A				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Dec	94.46	94.51	94.45	94.49
Mar	94.68	94.71	94.65	94.69
Jun	94.72	94.78	94.71	94.75
Sep	94.63	94.69	94.63	94.67
Dec	94.51	94.57	94.51	94.56

Est. Vol. (inc. figs. not shown) 28240 (28069)
Previous day's open int. 376563 (376088)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev
Dec	96.47	96.48	96.46	96.51
Mar	96.41	96.44	96.42	96.46
Jun	96.12	96.15	96.14	96.19
Sep	95.83	95.88	95.84	95.93

Est. Vol. (inc. figs. not shown) 1916 (1114)
Previous day's open int. 12308 (12135)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Dec	93.84	93.88	93.80	93.87
Mar	94.56	94.59	94.53	94.58
Jun	95.01	95.05	95.00	95.04
Sep	95.29	95.32	95.28	95.31
Dec	95.38	95.41	95.36	95.39

Estimated volume 71462 (87311)
Previous day's open int. 702857 (707302)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	93.05	93.13	93.05	[illegible]
Mar	[illegible]	93.90	[illegible]	93.86
Jun	[illegible]	94.34	94.31	94.34
Sep	94.64	[illegible]	[illegible]	94.65

Estimated volume 3945 (2273)
Previous day's open int. 33797 (33606)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	95.57	95.60	95.56	95.60
Mar	96.07	96.08	96.05	96.09
Jun	96.31	96.32	96.29	96.32
Sep	96.43	96.42	96.41	96.45

Estimated volume 3570 (6178)
Previous day's open int. 52049 (53188)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Dec	91.32	91.37	91.29	91.31
Mar	92.01	92.06	91.98	92.02
Jun	92.42	92.48	92.39	92.42
Sep	92.65	92.71	92.62	92.65

Estimated volume 7292 (10119)
Previous day's open int. 110047 (110458)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	3102.0	3130.0	3081.0	3097.0
Mar	3119.0	3139.5	3112.0	3114.0
Jun	3130.0			3125.0

Estimated volume 14691 (14157)
Previous day's open int. 66429 (66510)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec	116-15	117-09	116-10	116-26
Mar	115-09	116-01	115-04	115-21
Jun	114-10	115-00	114-04	114-20
Sep	113-25	113-25	113-06	113-21
Dec	113-06	113-06	-	113-10
Mar	-	-	-	112-21
Jun	-	-	-	112-02
Sep	-	-	-	111-17
Dec	-	-	-	111-01
Mar	-	-	-	110-18

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	96.83	96.84	96.82	96.82
Mar	96.66	96.69	96.66	96.68
Jun	96.41	96.45	96.41	96.43

BRITISH POUND (IMM)
$s per £

	Latest	High	Low	Prev.
Dec	1.4680	1.4702	1.4636	1.4650
Mar	1.4600	1.4600	1.4570	1.4580
Jun	-	-	-	1.4518

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6685	0.6703	0.6653	0.6687
Mar	0.6661	0.6675	0.6641	0.6671
Jun	-	-	-	0.6684

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec	0.9305	0.9350	0.9260	0.9280
Mar	0.9330	0.9400	0.9320	0.9293
Jun	0.9421	0.9421	0.9421	0.9327

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec	0.5880	0.5900	0.5874	0.5886
Mar	0.5843	0.5850	0.5836	0.5851
Jun	-	-	-	0.5823

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	96.46	96.48	96.46	96.47
Mar	96.41	96.45	96.40	96.42
Jun	96.11	96.16	96.10	96.13
Sep	95.83	95.89	95.83	95.86
Dec	95.43	95.50	95.42	95.46
Mar	95.34	95.40	95.32	95.37
Jun	95.12	95.18	95.12	95.16
Sep	94.94	95.07	94.93	94.97

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	460.15	461.55	459.30	460.80
Mar	460.70	462.05	460.45	461.80
Jun	-	-	-	462.75
Sep	-	-	-	463.65

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
1.425	4.35	[illegible]	5.11	[illegible]	-	0.62	1.23	2.54
1.450	2.00	2.71	2.60	[illegible]	0.04	1.18	2.11	3.53
1.475	0.30	1.43	2.31	3.26	0.81	2.34	3.30	4.83
1.500	-	0.64	1.42	2.39	2.80	3.98	4.80	6.38
1.525	-	0.22	0.82	[illegible]	5.38	6.07	6.79	8.06
1.550	-	0.06	0.44	1.13	[illegible]	[illegible]	8.82	10.01
1.575	-	0.02	0.21	0.73	10.32	10.73	11.07	12.08

Previous day's open int: Calls 847,581 Puts 612,695 (All currencies)
Previous day's volume: Calls 15,078 Puts 6,283 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open int.
December	123.62	123.44	-0.18	123.70	123.34	-	173,120
March	127.82	127.44	-0.20	127.72	127.36	-	35,526
June	127.02	126.86	-0.18	127.02	127.02	-	2,317

Estimated volume 161,736 † Total Open Interest 210,963

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	† Yield	† Open int.
December	93.58	93.47	-0.09	93.59	93.44	-	84,303
March	94.48	94.35	-0.09	94.46	94.33	-	76,241
June	94.96	94.85	-0.10	94.96	94.82	-	44,770
September	95.21	95.14	-0.07	95.22	95.12	-	30,061

Estimated volume 82,913 † Total Open Interest 271,259

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	† Yield	† Open int.
November	2115.0	2092.0	-31.0	2127.0	2083.0	-	35,073
December	2129.0	2105.5	-30.5	2138.0	2098.0	-	37,397
January	2141.0	2117.0	-31.0	2141.0	2141.0	-	20
March	2137.0	2137.0	-30.0	2137.0	2137.0	-	12,087

Estimated volume 24,131 † Total Open Interest 89,619

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open int.
December	119.48	119.38	-0.02	119.52	119.34	-	13,727

Estimated volume 3,751 † Total Open Interest 13,827

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
123	0.60	-	-	0.16	0.15	-
124	0.15	-	-	0.71	0.28	-
125	0.03	-	-	[illegible]	0.44	-
126	-	-	-	-	0.71	-
127	-	1.52	-	-	1.04	-
Open int	199,026	93,513	780	178,267	80,977	850

Estimated volume 33,362 † Total Open Interest 563,415
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4760	1.4727	1.4676	1.4614	1.4514

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	●Rea Brothers	6
Allied Trust Bank	6	Exeter Bank Limited	7	* Roxburghe Bank Ltd	6
AIB Bank	6	Financial & Gen Bank	7	* (In administration)	
●Henry Ansbacher	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Bank of Baroda	6	Girobank	6	●Smith & Williamson Secs	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	TSB	6
Bank of Ireland	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of India	6	Heritable & Gen Inv Bk.	6	Unity Trust Bank Plc	6
Bank of Scotland	6	●Hill Samuel	6	Western Trust	6
Barclays Bank	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Wimbledon & Sth West	7
●Brown Shipley	6	Julian Hodge Bank	6	Yorkshire Bank	6
Cl. Bank Nederland	6	●Leopold Joseph & Sons	6		
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (In administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

● Members of British Merchant Banking & Securities Houses Association

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.10)	3 months US dollars		6 months US Dollars	
	bid 3⅜	offer 3½	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	6
Broker loan rate	6
Fed.funds	3⅛
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.09	Three year	4.51
Two month	3.26	Five year	5.06
Three month	3.18	Seven year	5.27
Six month	3.36	10-year	5.58
One year	3.52	30-year	6.19
Two year	4.04		

Nov 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.35-6.45	6.40-6.50	6.35-6.45	6.30-6.40	6.00-6.15	6.75
Paris	6⅞-6⅞	6.79-6.94	-	6.66-6.81	-	6.45
Zurich	-	4½-4⅝	-	4½-4⅝	-	-
Amsterdam	6.12-6.18	6.12-6.18	-	6.07-6.13	-	-
Tokyo	2⅛-2⅛	-	-	-	-	-
Milan	8⅞-9	8⅞-9	-	8⅞-9	-	-
Brussels	9⅛-9¼	9-9⅛	-	8⅝-8¾	-	-
Dublin	6¼-6⅜	6¼-6½	6¼-6⅜	6⅜-6½	6-6⅛	-

LONDON MONEY RATES

Nov 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6⅛	6	5⅞	5⅞	5⅞	5¾
Interbank Bid	5⅞	5⅞	5¾	5¾	5¾	5⅝
Sterling CDs	-	-	5⅞	5⅞	5¾	5⅝
Local Authority Deps.	6	5⅞	5⅞	5⅞	5⅞	5½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6⅛	5⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	5⅞	5⅞	5⅞
Treasury Bills (Buy)	-	-	5⅝	5½	5⅝	-
Bank Bills (Buy)	-	-	5⅞	5¾	5⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.00	3.10	3.17	3.46
SDR Linked Dep. Offer	-	-	4⅛	4⅛	4⅛	4
SDR Linked Dep. Bid	-	-	4	4	3⅞	3⅞
ECU Linked Dep. Offer	-	-	7⅛	7⅛	7⅛	6⅞
ECU Linked Dep. Bid	-	-	7⅛	7⅛	6⅞	6⅞

Treasury Bills (sell); one-month 5⅝ per cent; three months 5⅝ per cent; six months 5⅝ per cent; Bank Bills (sell); one-month 5⅞ per cent; Three months 5¾ per cent; Treasury Bills; Average tender rate of discount 5.0037 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 29, 1993. Agreed rates for period Nov 24, 1993 to Dec 25, 1993 Schemes II & III: 7.36 p.c. Reference rate for period Oct 1, 1993 to Oct 29, 1993, Scheme IV&V: 5.820 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from November 1, 1993 Bank Deposit Rates for sums at 7 days notice 2⅛ p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5½ p.c.; three-six months 5¼ p.c.; six-nine months 5¼ p.c.; nine-12 months 5¼ p.c.; Under £100,000 2¾ p.c. from Jan 27, 1993. Deposits withdrawn for cash 1½ p.c.

MONEY MARKETS

Bundesbank cautious

Money market rates across Europe remained stable after the Deutsche Bundesbank's latest round of securities repurchase agreements reaffirmed its return to a more cautious approach to interest-rate easing, *writes Conner Middelmann.*

The lowest accepted rate on the 14-day repo tranche slipped one basis point to 6.38 per cent and the minimum 28-day rate fell two basis points, also to 6.38 per cent. The bulk of two-week bids was accepted at an unchanged 6.39 per cent while the bulk of four-week bids was taken at 6.39 per cent to 6.40 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The allocation resulted in a modest DM1.3bn liquidity injection and left German overnight money trading little changed around 6.45 per cent.

"After their surprise rate cuts on October 21 they have slammed on the brakes again," said a Frankfurt money market trader. Nevertheless, most traders are expecting another cut in its leading interest rates in December.

German short-term interest rate futures eased back slightly following the repo, with the December three-month Euromark contract down 0.03 point at 93.84 and the March contract down 0.04 point at 94.54 in late trading.

The Sterling money market had another lacklustre day which left the short sterling futures contract drifting on moderate volume in a relatively narrow range. The December contract eased 0.03 point to 94.46. That indicates that the market is still discounting a ½-point reduction in the base rate by December, with most traders betting on a cut accompanying the November 30 Budget.

Meanwhile, the Bank of England forecast a £1.25bn shortage in the morning which was later revised upward to £1.3bn. It did not operate in the money market in the morning, but purchased bills totalling £779m in the afternoon, followed by £420m of late assistance.

The Bank's operations had little effect on money market rates, traders said. "The Bank's stance is broadly neutral right now and trying to glean monetary-policy indications from their day-to-day operations is mostly a pointless exercise," said a money trader, adding that this neutral strategy is likely to continue until closer to Budget day. However, "the Bank may get more aggressive if speculation becomes more feverish," he said.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fund	5.48	-	5.57	3-Mth
Deposits Over £1 million	3.80	-	3.85	3-Mth
Deposits Over £2 million	3.80	-	3.78	3-Mth
The CBF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	5.60	-	5.72	3-Mth
Cent. Bd. of Fin. of Church of England 2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	5.60	-	5.72	3-Mth
Gartmore Money Management Ltd 16-18 Monument St, London EC3R 8QQ			071-236 1425	
TESSA Desk			071 236 3382	
Call Fund	5.31	3.98	5.26	6-Mth
7-day Fund	5.26	3.95	5.33	6-Mth
Special Fund	5.31	3.98	5.44	1-Mth
Dollar	1.88	1.38	1.87	3-Mth
TESSA Prime	6.01	-	6.10	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
AIB Bank High Interest Cheque Account Belmont Rd, Uxbridge UB8 1SA			0895 272115	
£2,500-£9,999	2.37	1.78	2.29	Qtr
£10,000+	2.74	2.81	2.76	Qtr
Alliance Home Bank plc 30 City Road, London EC1Y 2AY			071-638 6070	
Treasury Account – for professional advisers				
£25,000-£49,999	5.50	4.125	5.64	Mth
£50,000 or more	5.75	4.3125	5.90	Mth
Money Inv Acc – for personal and business clients				
Up to £9,999	4.00	3.00	4.07	Mth
£10,000 - £24,999	4.75	3.5625	4.85	Mth
£25,000 - £49,999	5.25	3.9375	5.39	Mth
£50,000 or more	5.50	4.125	5.64	Mth
Money Market quotations – phone telephone				
Allied Trust Bank Ltd 97-101 Cannon St, London, EC4N 5AD			071-626 0879	
FONNA (£2,001+)	7.07	5.30	7.07	Yearly
TRENNA (£2,001+)	6.17	4.63	6.17	Yearly
TONNA (£2,001+)	5.96	4.47	5.96	Yearly
OWNA (£2,001+)	5.65	4.23	5.64	Yearly
MICA (£2,001+)	5.00	2.75	5.12	Mth
MBCA (£2001+)	5.50	4.13	5.64	Mth
Popular TESSA	7.36	5.57	7.36	Yearly
American Express Bank Ltd			0444 239444	

[illegible]

WORLD STOCK MARKETS

AUSTRIA

November 10	Sch	+ or −
Austrian Airlines	1,730	+35
Bank Austria	1,036	+5
Creditanstalt Pf	768	−3
EA General	4,000	−30
EVN	1,274	+11
Lenzing	1,086	+1
OeMV	835	−1
Perlmooser Zement	986	—
Radex Heraklith	454	+1
Steyr Daimler	198	−1
Veitscher Magnesit	344	−4
Verbund (Br) A	700	—
Vienna Int Airport	520	−3
Wienerberger	3,920	−20

BELGIUM/LUXEMBOURG

November 10	Frs.	+ or −
AG Group	2,575	+35
Ackermans	3,450	—
Almanij	8,010xd	+10
Arbed	3,800	−20
BBL	4,205	+5
Bank Intl a Lux	18,500	+300
Banq Gen Lux Pts	24,600	−200
Banque Nat Belg	36,800	−1,400
Bekaert	19,500	−100
CBR Ciment	11,475	+25
CMB	2,305	−15
Cobepa	5,180	—
Cockerill Priv	140	−2
Colruyt	5,900	−30
Delhaize Frs Lion	1,282	−10
Electrabel	6,400	—
Electrabel AFV1	6,400	−50
Electrafina ACT	3,030	−15
GBL	3,675	+5
GBL AFV 1	3,640	—
GIB Group	1,254	−4
Generale Banque	8,700	+30
Gevaert	8,340	−10
Glaverbel	4,200	−90
Immobel	3,525	+25
Kredietbank	7,430	−10
Kredietbank AFV	7,340	—
Mecaniver	6,170	−10
Mosane	1,590	—
Pan Holding Lux	16,150	—
Petrofina	9,680	+20
Powerfin	3,080	−10
Recticel	376	−4
Royale Belge	5,000	−30
Royale Belge AFV 1	4,700	+20
Soc Gen Belge	2,555	−5
Soc Gen Belge AFV	2,455	+10
Sofina	14,125	+200
Solvac	1,650	+5
Solvay	13,825	+50
Tractebel	9,290	+90
UCB	23,300	—
Union Miniere	2,300	−35

DENMARK

November 10	Kr	+ or −
Aalborg Portland A	545	+25
Bikuben	209	−1
Carlsberg A	283	+3
Codan	5,860	+110
D/S 1912 A	125,000	−500
Danisco	845	—
Den Danske Bank	363	—
East Asiatic	168	−6
FLS Ind B	445	−5
Great Nordic	625	+5
ISS Int Serv B	304	−4
Jyske Bank Reg	375	—
Lauritzen (J) B	1,100	−10
NKT A/S	255	−2
Novo Nord B	647	−1
Radiometer B	595	+3
Sophus Berend A	488	+4
Sophus Berend B	485	—
Superfos	370	−5
TopDanmark	1,000	—
Unidanmark A	217.25	+3.25

FINLAND

November 10	Mkka	+ or −
ner A	89	−1.50
itor 1	139	−2
so R	35.30	+.30
uhtamaki I	179	−1
OP	13	−.40
sko	39	—
one B	520	+4
ymmene	97	+2
etra A	186	+3
etra B	185	—
etso-Serla A	253	—
etso-Serla B	253	—
okia Pref	314	—
utokumpu A	83	+.50
ohjola A	82	—
ohjola B	78	−1.50
aspola	96	−1
ockmann B	167	+1
ampella	25	—
itas C	18.80	−.10

FRANCE

November 10	Frs.	+ or −
AGF	715	−8
Accor	579	−13
Air Liquide	781	−5
Alcatel Alsthom	744	−8
Axa	1,483	−34
BIC	1,210	—
BSN	842	−17
BNP	284.90	+.40
Bancaire Cie	524	—
Bongrain	3,100	+80
Bouygues	658	−7
CSF	1,210	−30
Canal+	1,237	−21
Cap Gemini S	161.80	+2.40
CarnaudMetalbox	181.50	−2.70
Carrefour	3,503	−42
Casino	168.10	−1.90
Chargeurs	1,103	−14
Club Mediterranee	331	−4.60
Coparex Int	532	—
C C F	264.50	−4.50
Cr Fonc France	1,100xr	−14
Cred Lyon (CI)	723	−6
Credit Local Fr	480.60	−1.90
Credit Nationale	631	+4
Damart	4,800	−70
Docks de France	661	+6
Dollfus Mieg Cie	314	+5.50
EBF	631	−7
Eaux Cie Gent	2,594	−29
Ecco	580	+5
Elf Aquitaine	428.70	−8.30
Elf Aquitaine Certs	376	−9
Elf Sanofi	948	+7
Eridania B-Say	829	−29
Eridania B-Say CI	720	—
Essilor Intl	886	−1
Elbex	2,267	−13
Eurafrance	2,187	+37
Euro RSCG	545	−6
Euro Disney	38	−.70
Finextel	148	+2
Fonc Lyonnaise	638	−7
Fromageries Bel	5,050	—
GTM-Entrepose	510	+10
Gal. Lafayette	1,868	+18
Gaumont (Soc N)	784	−11
Geophysique	590	+5
Havas	462.90	−1
Imetal	523	−3
Imm de France	1,061	−24
Immobanque	909	−21
Immob Phenix	123	−8.80
Interbail	549	−15
Intertechnique	510	−7
LVMH	3,480	−71
Lafarge Coppee	420.20	−7.20
L'Oreal	1,153	−35
Legrand	4,776	−4
Legris	182	+2
Lyonn Eaux Dumez	510	−4
Matra-Hachette	132	−2.50
Michelin B	177.10	−2.80
Moulinex	106.50	−4
Navigation Mixte	1,041	+1
Nord Est	153.50	+1.10
Orsan	162	+7
Paribas	468	+1.40
Paris Reescompte	522	−6
Pernod Ricard	395.20	−3.60
Peugeot	665	−8
Pinault Printemps	825	−3
Promodes	1,085	−5
Radiotechn	325	−6
Redoute	915	+9
Rhone Poulenc A	148.80	−2.10
Roussel-Uclaf	684	−4
SILIC	845	+5
Sagem	2,496	−5
Saint Gobain	643	+12
Saint Louis	1,359	−11
Schneider	364	−5
Seb SA	472	−6
Sefimeg	334	+2
Simco	592	−1
Skis Rossignol	1,880	−10
Soc Generale de Fr	663	−2
Sommer-Allibert	1,360	−15
Spie Batignolles	370	−4.80
Suez (Cie de)	332	+.20
Taittinger	2,240	−80
Thomson C S F	154.70	−.40
Total B	316.80	−3.70
UAP	628	−14
UFB Locabail	395	—
Unibail	514	−1
Union Immob Fr	641	+1
Valeo	1,093	+4
Vallourec	202	−2
Worms Cie	294.80	−2.80

GERMANY

November 10	Dm.	+ or −
AEG	181.90	+.40
AG Ind & Verk	595	−4
Aachen Mch (Reg)	1,470	+38
Allianz AG	2,770	—
Altana Ind	621	+1
Asko	891	+83
Asko Prf	895	+7.50
BASF	298.10	−3.40
Badenwerk	410	—
Bayer	330.50	−4.20
Bayer-Hypo	434	−4.50
BMW (Br)	623	+3.50
Bayer Vereinsbk	507.50	+1.50
Beiersdorf	820	+.20
Berliner Bank	442	+1
Berliner Kraft	227	+2.20
BHF Bank	508xr	−3
Bil. & Berger	929.90	−3.10
Colonia Konzern	1,430	+15
Colonia Konzern Pf	960	−15
Commerzbank	343.40	+2.90
Continental AG	241	+2

GERMANY (continued)

November 10	Dm.	+ or −
DLW	466	−1
Daimler-Benz	705.30	−5.40
Degussa	417.20	−2
Deutsche Babcock	216.80	+.40
Deutsche Bank	834	+6
Didier-Werke	145.50	+4
Douglas Hldg	611.50	+6.50
Dragerwerk	286	—
Dresdner Bk	421	+1.50
GEHE	503	+17
Gerresheimer	247.50	−1.50
Goldschmidt (TH)	805	+15
Hamburg Elekt	791	−9
Heidelb Zem	1,240	—
Henkel Prf	617	+1
Herlitz	344	−2
Hochtief	1,081	−8
Hoechst	288.70	−5.80
Holzmann Ph	946	−7
Horten	242	−1
IKB Deutsche Ind	306	+5
Industrie Werke	369	−4
Kali & Salz	141.30	+2.30
Karstadt	616	−5
Kaufhof	538	−8
KHD	118.60	−.50
Klockner Werke	103	−.50
Lahmeyer	820	+1
Leifheit	735	+15
Linde	885	−5
Linotype-Hell	339	−4.50
Lufthansa	156.40	+2.40
Lufthansa n/v Prf	154.20	+2.40
MAN	329	−.50
MAN Pref	280	+1
Mannesmann	345.60	−.70
Mannheim Vers	780	—
Mercedes Hld	717	−6
Metallgesellschaft	404	+6.50
Munch Rueck (Reg)	3,810	+10
PWA	194	—
Philips Kommun	504	+1
Porsche	750	−20
Preussag	422	−8
RWE	465.80	+2
RWE Prf	361	+1.80
Rheinelektra	1,185	+14
Rheinmetall Berlin	283	−1.50
Rheinmetall Prf	215	—
Rosenthal	289	−1
Schering	1,095	+7
Schmalbach Lubeca	352	+7
Siemens	717	+3.50
Springer Axel Rg	887	+17
Sud Chemie	507	−4
Thyssen	234.80	−.20
Varta	317	−8
Veba	458	−.50
VEW	281	+4
Verein-West	389	+2
Viag	476.50	+1.50
Volkswagen	385	+3.30
Volkswagen Prf	318	+3
Wella Prf	850.50	−5.50
Zanders Feinpap	205	−2

ITALY

November 10	Lire	+ or −
Banca Comm	4,009	−42
Banca Naz Agric	3,100	—
Banca di Roma	1,738.50	−38.50
Banco Lariano	4,350	−20
Bastogi-I R B S	70	—
Benetton	21,550	−200
Burgo (Cartiere)	8,840	—
CIR	1,385	−48
Caffaro Spa	1,395	−5
Cementir	1,428	−42
Cofide Fin	870	−27
Credito Italiano	2,135	−12
Danieli & C	8,310	−800
EniChem	770	—
Ferruzzi Fin	40,600	−230
Fiat	3,325	−65
Fiat Priv	1,725	−49
Fidis	3,250	—
Fondiaria Spa	12,051	−99
Gemina	1,346	−19
Generali Assicur	36,000	−385
Gilardini	2,239	−21
IFI Priv	13,210	−285
Italcable	8,170	−385
Italcementi	8,705	−215
Italgas	4,390	−133
Lloyd Adriatico	14,180	−140
Mediobanca	13,115	−346
Montedison	783	−6
Olivetti	1,527	−43
Pirelli & Co	3,185	−24
Pirelli Spa	1,780	−22
RAS	26,580	−325
Rinascente (La)	8,450	+215
SASIB Spa	7,170	−80
SIP	2,002	−107
STET	3,495	−186
Saffa A	3,850	−50
Saipem	2,499	−111
San Paolo	9,850	−76
Sirti	8,877	−173
SMI	485	—
Snia BPD	1,240	+7
Toro Assicur	26,605	+5
Tosi Franco	19,989	−201
Unicem	8,600	−75

NETHERLANDS

November 10	Fls.	+ or −
A B N Amro Holding	59.10	—
AEGON	98.60	+.40
Ahold	90.30	−1.20
AKZO	178xd	−2.50
AMEV Dep Recs	81	+.30

NETHERLANDS (continued)

November 10	Fls.	+ or −
Bols Wessanen	41	−.40
CSM	68	—
DSM	100.70	−2.20
Dordtsche Petr	188.20	−2.30
Elsevier	150.90	−.70
Fokker Dep Recs	27.10	−.40
Gamma	96	+.70
Gist Broc Dep Recs	40.90	−.80
Hagemeyer	107	−2.80
Heineken	200.40	−1.40
Hollnd Beton	254.50	+.50
Hoogovens Dep Recs	45	−2.10
Hunter Douglas	68.70	−.80
IHC Caland	41	—
Int Nedlnd Dep Recs	80.80	−.20
Intl Mueller	81.10	+.10
KLM	38.10	−1.20
KNP BT	38.90	−.50
Koln Pakhoed DpRcs	45.10	−1.50
Nedlloyd	45.60	−1.20
Nijverd-Ten Cate	86	−.30
Nutr Ver Bed Dp Rcs	154.80	+.10
Oce V Grinten	57.60	−.90
Philips	39.90	−.80
PolyGram	74.50	−.80
Robeco	117.40	−.20
Rodamco	59.10	+.20
Rolinco	118.30	−.30
Rorento	93.70	—
Royal Dutch	201.60	−2.40
Ryl Boek Westm DpRc	46.90	−.50
Stork NV	38.90	+.10
Unilever Dep Recs	216.60	+.80
VNU	148	−.50
Van Ommeren Dp Rcs	40.50	−1.10
Wolters Kl Dep Recs	105.20	−.80

NORWAY

November 10	Kroner	+ or −
Aker A Free	93	+1
Bergesen A	143	−3
Dyno Ind	108	—
Elkem Free	88	−1
Hafslund Nyc A Free	122	−1
Kvaerner Free	320	−6
Leif Hoegh	103	−2
Norsk Hydro	217	−1
Norske Skog A Free	152.50	−1.50
Orkla Free	284	—
Rieber Son A	224	+2
Saga Pet A Free	79.50	−2
Saga Pet B Free	79	—
Schibsted	350	—
Storli B	180	+2
Unitor	107	−2
Vard	43	−1
Wall Fors A Free	96	—

SPAIN

November 10	Pts.	+ or −
Alba (Corp Fin)	4,680	−60
Argentaria	5,960	−50
Banco Bilbao Vizc	3,375	−5
Banco Central Hisp	3,680	+15
Banco Exterior	4,150	—
Banco Popular	16,830	−210
Banco Santander	6,920	−40
Banesto	2,505	+5
CEPSA	2,410	+25
Carburos Metal	4,040	−110
Cubiertas	8,350	−150
Dragados	2,040	−30
Ebro Agricolas	1,445	−35
Electra Viesgo	2,300	+50
Endesa (Br)	6,150	−50
Fecsa	793	+7
Grupo Duro Felg	555	−5
Hidrool Cantabr	3,115	−25
Iberdrola	873	−1
Koipe	4,700	—
Mapfre	6,270	+110
Metrovacesa	4,295	+25
Portland Vald	8,860	+10
Repsol	3,905	+5
SNIACE	125	—
Sarrio	394	−5
Sevillana Elec	585	−3
Tabacalera A	3,720	+120
Telefonica	1,705	+5
Tudor	784	−36
Union Fenosa	517	−7
Union y el Fenix	2,900	—
Uralita	1,055	−10
Vallehermoso	2,440	−10
Viscofan	2,190	−30

SWEDEN

November 10	Kronor	+ or −
AGA A	419	−1
AGA B	410	−10
Asea A	552	−1
Asea B	549	−6
Astra A	183	−2
Astra B	159	−2
Atlas Copco A	406	—
Atlas Copco B	404	—
Electrolux B	285	−1
Ericsson B	426	−5
Esselte A	102	−2
Esselte B	99	—
Gambro B	261	+1
Hennes&M B	235	+2
Hufvuds A	47	−1
Incentive A	242	—
Incentive B	242	−7
Investor A	148	−4

SWEDEN (continued)

November 10	Kronor	+ or −
Investor B	145	−5
Mo Och Dom B	268	—
Nobel A	27	—
Nobel B	28.50	−.50
Procordia A	219	+3
Procordia B	214	—
SCA A	139	−2
SCA B	137	−4
SKF A	125	—
SKF B	125	−1
Sandvik A	128	−2
Sandvik B	128	−3
Skan Enskilda C	57	−2.50
Skandia	176	—
Skanska B	161	−3
Stora Kopp A	370	−6
Stora Kopp B	370	−8
Svka.Handl.B	108	−5
Sydkraft A	139	−5
Sydkraft C	139	−3
Trelleborg B	80.50	−3
Volvo A	425	−5
Volvo B	421	−5

SWITZERLAND

November 10	Frs.	+ or −
Adia Intl (Br)	172	—
Alusuisse-Lnz Br	525	—
Alusuisse-Lnz Reg	530	−3
Baloise (Reg)	2,530	+70
Brown Boveri (Br)	998	—
Brown Boveri (Reg)	190	—
CS Hldgs (Br)	3,380	+25
Ciba Geigy (Br)	827	+2
Ciba Geigy (Reg)	799	+1
Elektrowatt (Br)	3,380	+10
Elvia	1,950	—
Fischer Geo (Br)	985	—
Forbo (Br)	2,420	+40
Holderbank (Br)	870	+4
Holvis Holz (Reg)	440	—
Jelmoli (Br)	785	—
Jelmoli (Reg)	138	+1
Landis & Gyr (Reg)	830	+5
Leu Hold (Br)	593	+8
Motor-Colum (Br)	1,500	−50
Nestle (Reg)	1,184	+11
Oer-Buehrle (Reg)	119	—
Pargesa Hld (Br)	1,400	+40
Pharma Vision (Br)	4,510	+20
Pirelli (Br)	200	−1
Richemont A (Br)	1,325	—
Roche (Br)	10,600	+150
Roche (Genuss)	5,870	−30
SGS Survince(Br)	1,780	−50
SMH (Br)	1,020	−18
SMH (Reg)	224	−6
Sandoz (Br)	3,830	−30
Sandoz (Ptg Cts)	3,840	+15
Sandoz (Reg)	3,670	+10
Schindler (PtgCts)	1,370	+30
Sulzer (Reg)	770	−5
Swiss Bank (Br)	492	+8
Swiss Bank (Reg)	235	—
Swiss Reins (Ptg)	735	−1
Swissair (Reg)	735	+10
Union Bank (Br)	1,294	−5
Winterthur (Reg)	821	−5
Zurich Ins (Br)	1,385	−21

SOUTH AFRICA

November 10	Rand	+ or −
ABSA	9	—
AECI	15	—
Allied Tech	80	—
Anglo Am Coal	98.50	—
Anglo Am Corp	145	+1
Anglo Am Gold	348	−2
Anglovaal N	95	+1.50
Barlow Rand	40.75	—
Beatrix	22	+1.25
Buffels	50	—
CNA Gallo	33	+1
De Beers/Centenary	84.75	+1.75
Deelkraal Gold	8.80	+.10
Driefontein	52	—
East Rand Gold	9.90	−.10
Elandsrand Gold	30	—
Engen	32.25xd	+.50
First Nat Bank	75	−4.50
Freegold	67	+.50
Gencor	8.60xd	+.20
Gold Fields SA	98.25	+.25
Harmony Gold	22	+.50
Hartebeest	24.75	+.50
Highveld Steel	12	—
ISCOR	1.53	+.02
Kinross Mines	67	+1
Kloof Gold	43	−1
Liberty Life SA	63	—
Malbak	43xd	—
Nedcor	24	—
O K Bazaars	8.75	—
Palabora Mng	57	—
Premier Gp	57.50	—
Randfontein	37.25	−.25
Rembrandt Grp	26.25	+.10
Rembrandt Cntrl	18.25	—
Rust Plat	89.50	—
Salmarine & Rennie	74.50	+.50
Smith (CG) Ltd	124	—
SA Breweries	65.50	+1.50
SA Man Amcor	21.75	−.25
Southvaal	131	+2
Tiger Oats	41.50	—
Tongaat Hulett	23.75	—
Vaal Reefs	287	+3.50
Western Areas	35	+.25
Western Deep	175.50	+3.50
Winkelhaak	58.50xd	+1.50

CANADA

TORONTO

4 pm close November 10

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
16182	AbitibiP	$13¾	13½	13⅝	+⅛
135370	AgnEag	$20½	19⅞	20½	+½
148819	AirCan	$5⅞	5⅝	5¾	−⅛
32224	AlbtaEn	$21¾	21½	21½	−¼
3482	AlbNtG	$17⅜	17¼	17¼	−⅛
301970	AlcanAl	$26⅛	25⅞	26	+⅛
407375	AmBarr	$36⅝	35¾	35⅞	−⅝
10700	AtcoCII	$15⅝	15½	15½	−¼
154201	BkMont x	$28½	28¼	28⅜	−⅛
244264	BkNovS	$29½	29¼	29½	−⅛
12600	BCSugA x	$10½	10⅜	10½	
60129	BC Tel	$23½	23⅜	23½	
350086	BCE	$46	45⅝	45¾	+⅛
83080	BCE Mb	$40	39½	39½	−¾
186700	Beard	14	13½	13½	
19000	BGR A	$14	13⅞	13⅞	−⅛
100	BioChP	$14¼	14¼	14¼	
391153	BmbdrB	u$18	17½	17⅞	
5542	BowVal	$15½	15¼	15⅜	−⅛
2402200	Brmlea	51	43	45	−3
43187	BracnA	$13¾	13⅛	13¼	+¼
404650	Brkwtr	u23	15½	18½	−⅛
18158	Brmcor	u$22⅝	22¼	22⅜	+⅛
400	Brnswk	$7⅞	7⅞	7⅞	+⅛
37921	CAE	$6	5¾	6	
687422	Cmblor	$19⅞	18⅝	19¼	+⅝
1001899	CambSh	$18	17½	17⅞	+⅜
188800	Cameco	$24⅝	24½	24⅝	−⅛
2207720	CmpbRs	82	75	76	−6
442173	Canimp	$31½	31	31¼	−¼
134900	CanOcc	$31⅞	31¼	31½	
389906	CanPac	u$23⅛	22⅞	23	+⅛
600	CanTir	$19	19	19	−½
128446	CanTrA	$18⅞	18⅛	18¼	+⅛
31866	CanUtA x	$25⅝	25⅜	25⅜	−⅛
1100	CanUtB x	$25⅜	25¼	25¼	−⅛
6880	CanTng	126	125	125	−3
2300	CanGen	u$32½	32⅜	32½	+⅛
758	Canfor	$38	37⅞	38	+½
14000	CanPoF	$17⅞	17¾	17⅞	−⅛
2000	CaraOp	485	475	475	−10
370	Celan	$57½	57⅛	57½	+⅛
7677	CnCap	35	33	35	+5
41550	CineOd	435	420	425	−10
19000	CnfFdA	$6¾	6⅝	6¾	+⅛
23664	Cominco	$15½	15⅛	15⅛	−⅛
48920	Cmptig	340	330	335	
29336	CorelS	$46	44⅛	46	+½
23200	Coscan	305	290	300	−10
143073	CrownXA	$6	5⅝	5¾	−⅛
14500	DencnA	27	27	27	
76500	Derlan	u$5½	5¼	5¼	+⅛
22200	Dofasco	$19¾	19⅝	19¾	
173379	DomnT	$9¾	9⅛	9⅝	−⅜
56728	Domtar	$7¾	7½	7½	
200	DuPntA	$45	45	45	
334225	DundBA	$7⅞	7½	7⅝	+⅛
83675	Echo B	$17¼	16¾	17¼	+½
4900	Emco	$9¼	9	9	
5500	Empire	u$16½	16¼	16½	
17570	EurNev	$43	42	42¾	−¾
12300	FPI	330	325	330	−5
14350	FahnlV	$11⅞	11½	11⅞	+⅜
66857	FcdnA	$8¾	8⅛	8¼	−⅛
8384	Fcmng x	u$19⅝	19¼	19½	+¼
12200	FcdM A	$17¼	17¼	17¼	
3592	Fortis x	$28⅝	28⅜	28½	−¼
400	4Seasn	$16½	16½	16½	
21404	Fr Nev	u$83¼	82¼	83½	+1½
7830	Geac C	u$15½	15¼	15¼	−⅛
5300	GndisA	$21	20⅝	20⅝	−⅛
260339	Gentra	59	54	58	−2
201250	Giantc	$9⅛	8⅞	9	+⅛
74464	GlxSci	u$19¾	17⅞	19½	+1½
20300	Gmges	355	350	355	+5
4654	GWLif	u$21¾	21	21¾	+½
36356	Golf C	490	475	490	+15
900	GW Util	$6	6	6	
4400	HarSxA	u$11	10¾	11	+⅜
1200	HawkSd	$24⅝	24⅝	24⅝	+⅛
41010	Heestn	$13⅛	13	13	−⅛
45502	HemloG	$14	13⅝	13⅞	+⅛
458099	Hitngr	$13¾	13¼	13½	−¼
1440150	Hm Oil	$19⅜	18½	18½	−½
97661	Horsem	u$19	18½	19	+½
210	HudBMS	490	470	490	
17394	HudBay	$39⅛	38¼	38⅞	−⅛
44830	Imasco	$40¾	40	40¼	+⅛
30665	ImpOil	$48⅛	47⅜	47⅝	−⅛
200526	Inco x	$29⅛	28½	29⅛	+⅜
1000	IntMus	$8½	8½	8½	
1200	Intera	$8⅜	8⅜	8⅜	
160500	IntPlar	13	d12½	13	
65277	IntrpP x	$30	29⅞	29⅞	
11349	InvrsG	$42¼	42	42¼	
18300	IvacoA	$7¼	7	7	−¼
161550	Jnnock	$19½	19⅛	19½	+⅛
1800	KerrAd	$22	21½	22	+½
6518	Labatt	$24	23¾	23⅞	
1857370	LacldIn	$11	10½	10⅞	+¼
231	Lfarge	$27½	26⅞	27⅜	
9525	LdlawA	$9	8⅞	9	+¼
1214000	LdlawB	$9½	8⅞	9⅛	+⅛
3300	LaurBk	$18½	18½	18½	−⅛
13400	LaurGp	$8⅝	8½	8⅝	+⅛
20594	LawMdA	$9	8⅞	8⅞	−⅛
5000	Loblaw	$22¼	22	22¼	
553895	Mackne	u$11	10⅜	10⅞	+⅝
318499	MacinH	u$12⅞	12½	12⅞	+⅜
32483	MacmBl	$22	21¾	21⅞	−⅛
35405	MagnaA	$58¼	57½	57¾	+¼
34373	MpLfRd	$13½	13¼	13⅜	−⅛
9705	MarTel	$24⅜	24⅛	24⅜	+⅛
4058	MarkRs	$9⅞	9⅞	9⅞	
5645	MDS B	$14	13¾	13¾	−¼
3102930	MetalI	$10⅜	d9⅞	10	+¼
33073	MidWal	$12⅜	12¼	12¼	−⅛
94250	Mitel	$9½	9¼	9¼	−¼
40110	MolsnA	$28¼	28	28⅛	−⅛
27082	Moore	$27¼	26⅞	27¼	+¼
813800	Mscoch	52	39	50	+10
17070	NatBkC	$10½	10⅜	10⅜	−⅛
31720	Newbdg	$81½	78	81¼	+1⅞
8434	Noma A	$6¾	6⅝	6⅝	
11885	NmdaF	$11⅞	11⅝	11⅞	+¼
916987	NrndaM	u$23⅜	23	23¼	+¼
206602	NorcnE x	$20½	20¼	20¼	−⅛
67363	NthTel	$36	35⅛	36	
4431	Nthgte	165	160	164	+4
184282	Nova	$9⅛	9	9⅛	
14200	Nowsco	$22	21¾	21¾	−¼
24700	NumacE	$8½	8⅜	8½	+⅛
53800	Onex	u$17⅝	17	17½	+⅜
20456	OshawA x	$23¾	23¼	23¾	−⅛
1181910	PWA Cp	110	100	102	−3
53020	PagmA	335	315	315	−15
3300	PanCnP	$46⅛	46	46⅛	+⅛
161850	Pgasus	$29⅞	28½	29⅜	+1¼
186384	PetCan	$13½	13¼	13⅜	
147000	PhilEn	$7½	7¼	7½	+⅛
30420	PionM	28½	28	28	
937922	PlDome	$32¼	31⅞	32⅛	+⅛
72602	Poco P	$9	8⅞	8⅞	
73550	PowrCp	$20	19⅞	20	
8101	PowrFn	u$31¼	31	31¼	+⅛
248500	RngOil	$7⅝	7½	7⅝	+⅛
10900	RaynkY	$15½	15½	15½	+⅛
1000	ReedSt	$25⅞	25⅞	25⅞	+⅞
1050	RealmS	u$23	23	23	
44415	Ren En	$30½	29⅞	30	−½
76100	Repap	405	395	400	+5
219285	Rigel	$20½	19½	19⅞	+⅛
10250	RioAlg	$18½	18½	18½	−⅛
134811	RogCmB	$23⅛	22⅞	23⅛	
250	Rothmn	$100	100	100	+1
451688	RoyBkC	$27	26⅞	26⅞	−⅛
548384	RoyOak	$6⅝	6¼	6½	−⅛
18669	StLwrA	$9¾	9½	9¾	+¼
11692	ScepfR	$14¾	14½	14¾	+⅛
1370	ScottP	$10¼	10½	10¼	+⅛
4400	ScotH	$10½	10½	10½	
120025	Seagrm	$36⅝	36	36⅜	+¼
1247880	SearsC x	$9½	9¼	9¼	−¼
15900	ShellA	$40¼	39½	40	−¼
48793	SherrG	$8½	8¼	8½	+¼
150864	SHL Sy	$12⅛	11⅞	11⅞	−⅛
4200	SNC	$18	18	18	
2500	Sonora	21	21	21	
21116	Southm	$18⅜	18	18¼	+⅜
462769	SparAe	$17⅛	17	17⅛	−⅛
106931	StelcoA	$7¼	6⅞	7	−⅛
736149	TalisE	$29	28⅝	29	+¼
106140	Teck B	$19¼	18⅞	19¼	+¼
11450	Telglb	$20⅜	20⅛	20⅜	+¼
106590	Telus	$15¾	15⅝	15⅝	
833542	Thomsn x	$16½	16⅛	16⅜	
74343	TorDom	$21	20¾	20⅞	−⅛
51685	TrstrB	$23⅛	22¾	23⅛	+⅜
95863	TrcnP	$20	19⅝	19¾	+⅛
147900	Trnsk	$15¼	15⅛	15⅛	−⅛
111907	Trimac	u$18	17½	18	+½
1810410	TrzecA	130	122	122	+2
4200	UAP A	$22¼	22	22¼	+⅛
1826	UCorp	$34	34	34	−¼
6102	UtdDom	$21¾	21⅝	21¾	
148	Univa	$7⅞	7¾	7⅞	
44100	Viceroy	u$13	12⅞	13	+⅛
206053	Westcst E	$21¾	21½	21½	−⅛
24300	WestnG	$41¾	41¾	41¾	
10000	WIC B	$17⅞	17⅛	17⅛	−⅛

† - No voting rights or restricted voting rights

MONTREAL

4 pm close November 10

Sales	Stock	High	Low	Close	Chng
58917	BioChP	$14⅞	14½	14⅞	
96646	BmbrdB	u$18	17½	18	+¼
132754	Cambior	$19⅞	18½	19¼	+⅝
1800	CnMarc	$14½	14⅜	14⅜	
42500	Cscade	$6⅝	6¼	6⅝	+⅛
1750	GTC B	u$12¼	12	12	
8400	JCoutu	$12⅞	12¾	12⅞	
35720	MtRich	$10⅝	10½	10½	
321887	NatBkC	$10½	10⅜	10⅜	
22200	QbcorA	$19¾	19⅝	19⅝	+⅛
22317	Univa	$7½	7⅜	7⅜	+⅛
130720	Vidtrn	$26⅞	26¼	26¾	+¼

Total Sales 62,528,587 shares

INDICES

NEW YORK

DOW JONES	Nov 9	Nov 8	Nov 5	Nov 4	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3640.07	3647.90	3642.43	3624.98	3697.64 (2/11)	3241.95 (20/1)	3697.64 (2/11/93)	41.22 (2/7/32)
Home Bonds	108.94	109.00	108.89	108.99	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1725.36	1727.07	1717.87	1705.70	1742.24 (1/11)	1453.84 (4/1)	1742.24 (1/11/93)	12.32 (8/7/32)
Utilities	225.08	227.13	227.28	225.40	256.46 (31/8)	217.74 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3669.82 (3674.17) Low 3623.03 (3621.81) (Theoretical)◆
Day's High 3658.14 (3660.75) Low 3640.07 (3634.49) (Actual)

STANDARD AND POOR'S	Nov 9	Nov 8	Nov 5	Nov 4	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	460.33	460.21	459.57	457.49	465.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials ‡	530.47	530.33	529.33	527.89	537.30 (2/11)	488.45 (25/4)	537.30 (2/11/93)	3.62 (21/6/32)
Financial	44.02	43.76	43.56	42.72	48.40 (29/9)	38.89 (8/1)	48.40 (29/9/93)	8.64 (1/10/74)
NYSE Composite	254.87	254.72	254.30	253.47	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (28/4/42)
Amex Mkt. Value	476.02	476.80	475.33	477.53	484.28 (8/11)	395.84 (8/1)	484.28 (8/11/93)	29.31 (9/12/72)
NASDAQ Composite	786.84	789.21	782.99	757.26	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

	Nov 5	Oct 29	Oct 22	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.77	2.79	3.20
	Nov 3	Oct 27	Oct 20	year ago (approx.)
S & P Industrial div. yield	2.41	2.42	2.20	2.68
S & P Ind. P/E ratio	28.61	28.51	28.48	27.52

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
RJ Nabisco	6,005,200	6⅞	+⅛
Wal-Mart	5,890,200	28¾	+⅛
Telefonos	5,434,800	46⅞	−½
Philip Morris	4,161,200	53⅞	+1⅛
Dun&Bradstreet	3,149,000	67½	+1⅛
Paramount	2,712,100	81¼	−⅜
IBM	2,516,300	49⅛	−1⅛
Merck	2,406,800	31⅞	−⅛
MFS Intern	2,304,200	7⅞	+⅛
Limited	2,096,400	20½	+½

TRADING ACTIVITY

† Volume (Millions)	Nov 9	Nov 8	Nov 5
New York SE	275.894	231.211	331.284
Amex	17.336	17.343	20.956
NASDAQ	(u)	253.643	333.580
NYSE			
Issues Traded	2,672	2,689	2,680
Rises	1,200	1,178	880
Falls	896	898	1,254
Unchanged	576	615	557
New Highs	48	32	11
New Lows	19	39	104

CANADA

TORONTO	Nov 9	Nov 8	Nov 5	Nov 4	1993 HIGH	1993 LOW
Metals & Minerals	3051.28	3058.55	3028.93	3008.77	3140.94 (16/9)	2743.31 (21/1)
Composite	4251.39	4216.50	4202.03	4213.73	4255.60 (29/10)	3275.80 (21/1)
MONTREAL Portfolio	2014.81	2009.78	1994.29	2001.82	2027.21 (1/11)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ◆ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Nov 10	Nov 9	Nov 8	Nov 5	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	2042.9	2050.8	2054.2	2078.8	2132.40 (3/11)	1495.00 (13/1)
All Mining (1/1/80)	868.0	875.1	879.3	884.8	904.50 (2/9)	594.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	419.05	420.08†	418.36	415.18	424.59 (2/11)	300.26 (14/1)
Traded Index (2/1/91)	1087.33	1089.07	1083.52	1085.22	1094.43 (2/11)	712.05 (15/1)
BELGIUM						
BEL20 (1/1/91)	1367.33	1368.04	1361.77	1372.21	1391.80 (4/11)	1125.48 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	352.57	352.23	351.94	352.24	355.14 (4/11)	261.80 (4/1)
FINLAND						
HEX General (28/12/90)	1520.1	1522.8	1522.9	1558.0	1607.70 (3/11)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	590.87	597.78	589.73	590.79	608.73 (26/10)	471.24 (13/1)
CAC 40 (31/12/87)	2097.33	2112.89	2094.79	2081.01	2231.86 (22/10)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	784.86	779.88	779.83	780.84	803.70 (3/11)	598.82 (14/1)
Commerzbank (1/12/53)	2344.90	2230.20	2224.10	2233.40	2300.40 (3/11)	1894.30 (14/1)
DAX (30/12/87)	2023.84	2022.83	2010.81	2012.58	2085.88 (2/11)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	9325.44	9096.47	9177.55	8998.93	9642.81 (3/11)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1823.46	1825.65	1808.71	1812.50	1849.27 (3/11)	1191.18 (11/1)
ITALY						
Banca Com. Ital. (1972)	551.45	548.38	558.60	555.48	632.86 (30/8)	446.33 (8/1)
MIB General (4/1/93)	1176.0	1204.0	1227.0	1224.0	1390.00 (30/8)	983.00 (11/1)
JAPAN						
Nikkei (16/5/49)	18121.71	18125.71	18625.16	18698.48	21148.11 (13/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1534.78	1544.78	1568.81	1586.85	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	1970.88	1994.21	2017.87	2031.00	2364.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	950.89	937.88	921.52	944.94	958.03 (3/11)	614.28 (13/1)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	409.7	412.9	411.2	412.1	419.30 (4/11)	335.70 (4/1)
CBS All Shr (End 1983)	265.8	267.8	266.7	267.3	272.00 (4/11)	199.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	997.78	1007.99	1000.02	1015.57	1034.93 (29/10)	608.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	2367.87	2340.07	2351.40	2411.30	2487.50 (3/11)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	543.61	538.95	535.18	541.19	554.33 (1/11)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1909.0♥	1887.0	1880.0	1890.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4571.0♥	4548.0	4565.0	4548.0	4719.00 (8/7)	4333.00 (16/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	777.89	780.30	775.47	773.30	780.30 (9/11)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	300.65	(c)	298.54	300.04	310.28 (22/10)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1392.10	1401.80	1401.40	1404.50	1495.10 (4/11)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1185.33	1192.37	1182.39	1152.95	1185.33 (10/11)	804.80 (11/1)
SBC General (1/4/87)	934.43	931.81	918.18	911.63	937.60 (3/11)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4191.41	4172.44	4166.82	4340.01	5013.26 (7/6)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	1347.92	1315.33	1302.91	1285.47	1357.73 (2/11)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	588.4*	593.1	593.3	590.7	607.10 (15/10)	486.60 (13/1)
Euro Top-100 (26/6/90)	1134.91	1140.48	1134.50	1133.77	1173.45 (22/10)	962.73 (13/1)

**Saturday November 6: Taiwan Weighted Price; 4221.59, Korea Comp Ex; 769.37.
♥ Subject to official recalculation. †Correction *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Australia Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

JAPAN

November 10	Yen	+ or −
Ajinomoto	1,310	—
Akebono Brake Ind	461	−14
All Nippon Airways	1,090	−20
Alps Electric	1,000	−20
Amada Co	869	−8
Amano Corp	1,450	+80
Ando Construction	575	−5
Anritsu	1,050	−30
Aoki Corp	415	—
Aoyama Trading	8,290	—
Arabian Oil Co Ltd	4,710	−280
Asahi Bank	1,210	−40
Asahi Breweries	1,210	+20
Asahi Chemical	647	−15
Asahi Glass	1,180	+20
Asahi Optical	359	−25
Asics Corp	398	+3
Atsugi Nylon	614	+3
Banyu Pharm	1,010	—
Bridgestone	1,310	—
Brother Ind	461	−11
CSK	2,410	−170
Calpis Food	920	−17
Calsonic	499	−21
Canon	1,480	+30
Canon Sales	2,950	+80
Casio Computer	1,030	−10
Central Finance	387	−22
Central Glass	390	−15
Chiba Bank	1,050	—
Chiyoda Corp	1,220	−10
Chiyoda Fire & M	675	−10
Chubu El Pwr	2,840	−20
Chugai Pharm	1,360	−10
Chugoku El Pwr	2,740	−20
Chuo Tst & Bkg	1,610	−70
Citizen Watch	844	−46
Cosmo Oil	823	−4
Daicel Chemical	491	+6
Daido Steel	435	+19
Daiei Inc	1,410	+20
Daifuku	1,350	−10
Dai Ichi Kangyo Bk	2,200	−60
Daiichi Pharm	1,570	−80
Daikin Inds	710	−25
Daikyo Inc	1,060	+10
Daimaru Inc	550	+5
Dai Nippon Ink	447	−9
Dai Nippon Pharmac	862	−18
Dai Nippon Print	1,650	+30
Dai Nippon Toryo	365	−15
Daishowa Paper	1,720	—
Dai Tokyo F&M	806	—
Daiwa Bank	1,040	−70
Daiwa House	1,570	+30
Daiwa Sec	1,260	−40
Denny's Japan	4,300	−20
Dowa Fire & Mar	616	−24
Dowa Mining Co	460	−4
Ebara Corp	1,330	—
Eisai	1,870	—
Ezaki Glico	1,100	−20
Fanuc	3,720	+50
Fudo Construction	530	−31
Fuji Bank	2,210	−50
Fuji Electric	480	−13
Fuji Film	2,470	—
Fuji Fire & Marine	673	−36
Fuji Heavy Ind	294	−5
Fuji Spinning	358	−12
Fujikura	751	+4
Fujisawa Pharm	1,010	—
Fujita Kanko	1,970	−40
Fujitsu	801	−6
Furukawa Elect	582	+17
Gakken	780	−48
Gen Sekiyu	1,250	—
Godo Shusei	475	−11
Green Cross	1,010	−20
Gun-Ei Chemical	490	−7
Gunze	661	−13
Hankyu Corp	542	−8
Hanshin El Rwy	473	−2
Haseko	734	−11
Hattori Seiko	1,160	−80
Hazama Corp	420	+10
Heiwa Real Est	714	+11
Hino Motors	683	+4
Hirose Electric	5,610	−190
Hiroshima (Bank)	780	−2
Hitachi	798	−5
Hitachi Cable	758	+10
Hitachi Credit	2,040	—
Hitachi Koki	900	−30
Hitachi Maxell	1,780	−30
Hitachi Metals	898	+17
Hitachi Sales	830	−20
Hitachi Zosen	527	−12
Hokkaido Elect Pwr	2,910	−10
Hokkaido Takush	602	−5
Hokuriku Bank	825	−27
Hokuriku El Pwr	2,760	−20
Honda Motor	1,480	−30
Honshu Paper	540	−5
House Food Ind	2,500	−40
Hoya Corp	1,840	+40
IHI	414	−6
Ihara Chemical	582	—
Iwagami Tsushinki	671	—
Inax	1,100	+80
Indust Bank Japan	3,190	−30
Iseki & Co	295	+1
Isetan	1,740	+30
Ishihara Sangyo	304	−15
Isuzu Motors	318	—
Itochu	589	−5
Itoham Foods	900	+20
Ito Yokado	5,290	+70
Iwatsu Elec	418	+8
Izumiya	1,780	—
JEOL	811	−14
JGC Corp	1,690	−60
Janome Sewing Mach	284	−3
JAL	632	+8
Japan Metals & Chem	510	+3
Japan Radio	1,720	−20
Japan Steel Works	318	−1
Japan Storage Batt	682	−18
Japan Syn Rubber	490	−14
Japan Wool	810	+10
Jusco	2,250	+10
KDD	11,700	−100
Kagome	1,380	−10
Kajima	834	+9
Kaken Pharm	1,650	+10
Kandenko	2,420	−80
Kanebo	341	−8
Kaneka	609	+8
Kanematsu Corp	474	−4
Kansai El Power	2,920	+40
Kansai Paint	458	+1
Kao Corp	1,230	+10
Kawasaki Heavy Ind	365	−10
Kawasaki Kisen	320	+6
Kawasaki Steel	314	+1
Keihin Elec Express	818	+1
Keio Teito El Rw	549	−3
Kikkoman	847	+5
Kinden	1,990	+10
Kinki Nipp Railway	827	−5
Kirin Brewery	1,230	+20
Kobe Steel	262	−14
Koito Manf	700	−9
Kokusai Electric	1,670	−60
Kokuyo	2,570	+40
Komatsu	796	+24
Konica	635	−20
Koyo Seiko Co	820	−22
Kubota Corp	613	+3
Kumagai-Gumi	440	+4
Kurabo Ind	326	−11
Kuraray	1,070	+10
Kureha Chemical	450	—
Kurita Water	2,790	−30
Kyocera	5,750	−80
Kyodo Shiryo	415	−4
Kyotaru	870	−19
Kyowa Hakko	985	−8
Kyushu El Power	2,790	−40
Lion Corp	673	−7
Long Term Credit	1,000	—
Maeda Corp	1,020	−10
Makino Milling	601	−29
Makita Corp	1,770	+80
Marubeni	465	−20
Marudai Food	879	−25
Maruha Corp	350	−10
Marui	1,550	+20
Maruichi Steel	1,890	−10
M'shita El Ind	1,410	−10
M'shita El Wk	1,110	—
M'shita Kotb	2,290	+20
M'shita Refrig	813	−7
Mazda Motor Corp	435	−5
Meiji Milk	770	−9
Meiji Seika	591	−9
Mercian Corp	629	−21
Mikuni Coca Cola	1,850	—
Minebea	482	−10
Minolta Camera	402	−2
Misawa Homes	1,260	−30
M'bishi Bk	2,950	—
M'bishi Corp	1,070	−30
M'bishi Elec	536	−7
M'bishi Estate	990	+16
M'bishi Gas Chem	419	—
M'bishi Heavy Ind	637	−4
M'bishi Kasei	493	+3
M'bishi Materials	433	−6
M'bishi Motors	798	—
M'bishi Oil	886	−12
M'bishi Paper	545	+27
M'bishi Petchem	647	−7
M'bishi Plastics	434	−12
M'bishi Rayon	333	−7
M'bishi Steel	480	−13
M'bishi Tr&Bk	1,370	−40
M'bishi Warehouse	1,630	−20
Mitsuboshi Belting	480	−18
Mitsui Co	792	+2
Mitsui Eng Ship	331	−12
Mitsui Fudosan	1,200	−20
Mitsui Marine	845	+14
Mitsui Mng & Sm	400	+10
Mitsui Osk Line	365	+4
Mitsui Petchem	640	+15
Mitsui Soko	648	−30
Mitsui Toatsu	360	+10
Mitsui Tr&Bk	1,040	—
Mitsukoshi	883	+23
Mitsumi Elec	1,630	—
Miyaji Iron Works	570	−20
Mizuno Sporting	1,010	—
Mochida Pharm	2,420	+30
Morinaga Milk	567	−13
Mori Seiki	1,910	—
Murata Manufact	3,650	+30
NEC Corp	893	−10
NGK Insulators	1,040	−10
NGK Spark Plug	970	+15
NHK Spring	421	+1
NKK Corp	250	−8
NOK Corp	690	−11
NSK	591	−8
NTN Toyo Bearing	510	−3
Nachi Fujikoshi	345	+11
Nagasakiya	799	−42
Nagase	956	−24
Nagoya Railroad	575	+4
National House	2,080	+40
Nichii	1,550	+20
Nichirei	764	−12
Nihon Cement	700	−3
Nihon Nosan	415	−7
Nihon Parkerizing	609	−21
Niigata Eng	430	+5
Nikko Kyodo	433	−15
Nikko Sec ♣	1,070	−40
Nikon Corp	851	+9
Nintendo	6,960	+30
Nippon Credit Bank	5,730	−140
Nippon Denko	343	+3
Nippon Denso	1,700	—
Nippon El Glass	1,100	−30
Nippon Express	899	+24
Nippon Fire	795	+14
Nippon Flour Mills	500	—
Nippon Hodo	2,710	+30
Nippon Kayaku	861	−18
Nippon Light Metal	559	−8
Nippon Meat Pack	1,610	−10
Nippon Oil	712	−3
Nippon Paint	524	−6
Nippon Paper	643	+6
Nippon Road	1,130	−20
Nippon Sanso	512	+8
Nippon Sharyo	1,070	−10
Nippon Sheet Glass	496	−1
Nippon Shinpan	948	+11
Nippon Shinyaku	1,510	−10
Nippon Signal	1,420	−30
Nippon Soda	395	−8
Nippon Steel	323	+6
Nippon Suisan	383	+2
Nippon T V Network	20,000	−700
NTT	784,000	+1,000
Nippon Yakin	409	+4
Nippon Yusen	572	−12
Nippon Zeon	437	−8
Nishimatsu Constr	985	+22
Nissan Diesel	390	−8
Nissan Motor	748	−5
Nissei Sangyo	1,250	−10
Nisshin Flour	1,080	+30
Nisshin Oil	880	+10
Nisshin Steel	349	+11
Nisshinbo Ind	823	−26
Nissho Iwai	439	+4
Nissin Electric	905	−25
Nissin Food	2,980	+30
Nitsuko	820	−30
Nitto Boseki	292	−3
Nitto Denko	1,340	−40
Nomura Sec	1,780	−20
Noritake	707	−55
Odakyu Electric Rwy	760	+9
Obayashi-Gumi	618	−1
Oji Paper	958	−4
Oki Electric	470	−19
Okuma Corp	978	−29
Okumura-Gumi	760	−20
Olympus	1,060	—
Omron Corp	1,370	+40
Onoda Cement	518	+6
Ono Pharm	5,520	+10
Onward Kashiyama	1,190	+20
Orient Corp	745	−5
Orix Corp	3,800	−50
Osaka Gas	506	—
Penta Ocean	805	−7
Pioneer Elec ♣	2,610	+40
Prima Meat Pack	413	−10
Renown	558	+2
Ricoh	868	+8
Rohm	2,980	+10
Royal	1,270	+40
Ryobi	508	−10
Sakura Bank	1,610	−40
Sanden	520	−7
Sankyo	2,770	+100
Sanrio	1,490	−70
Sanwa Bank	2,300	−80
Sanwa Shutter	957	−8
Sanyo Electric	402	+5
Sapporo Brews	970	+10
Secom	6,810	+40
Sega Ent	8,910	−80
Seibu Railway	3,400	+100
Seino Transport	1,770	−10
Seiyu Food Sys	1,040	−10
Seiyu	1,470	−10
Sekisui Chemical	1,010	+33
Sekisui House	1,380	+10
Settsu Corp	432	−6
Seven-Eleven	6,830	+10
Sharp	1,500	−20
Shikoku Elect Pwr	2,810	−80
Shimizu Corp	819	+8
Shin-Etsu Chem	1,890	+10
Shionogi	940	+9
Shiseido ♣	1,290	+10
Shochiku	1,140	−10
Shokusan Jutaku	518	−15
Showa Aluminium	448	−19
Showa Denko	288	−1
Showa Elec Wire	518	+3
Showa Sangyo	800	+20
Showa Shell Sek	1,040	+10
Skylark	2,050	+20
Snow Brand Milk	788	+11
Sony	4,820	+30
Stanley Electric	640	−4
Sumitomo Bakelite	478	−12
Sumitomo Bank	2,270	−20
Sumitomo Cement	505	+1
Sumitomo Chemical	428	—
Sumitomo Corp	808	+15
Sumitomo Elect	1,270	+10
Sumitomo Heavy	382	−15
Sumitomo Light M	315	−17
Sumitomo Marine	908	−20
Sumitomo Metal Ind	293	—
Sumitomo Metal Mng	639	+10
Sumitomo Realty	700	−3
Sumitomo Tr&Bk	1,330	−30
Sumitomo Warehouse	775	−20
Suzuki Motor	914	−16
TDK Corp	3,840	+10
Taisei Corp	630	+1
Taisho Pharm	2,180	−30
Takaoka Electric	565	−26
Takara Shuzo	833	−21
Takashimaya	1,140	−10
Takeda Chem	1,260	+20
Tanabe Seiyaku	1,000	—
Teijin	439	+6
Teikoku Oil	691	−19
Tekken Corp	789	+3
Toa Gosei Chem Ind	575	−10
Tobishima Corp	399	+4
Tobu Railway	665	−14
Toda Corp	741	−4
Toei	583	−11
Toho	18,200	−100
Tohoku Elect Power	3,180	−10
Tokai Bank	1,300	−10
Tokai Carbon	536	+1
Tokico	425	−26
Tokio Marine	1,270	+10
Tokuyama Soda	465	−10
Tokyo (Bank) ♣	1,770	—
Tokyo B'casting	1,410	+60
Tokyo Dome	1,780	+40
Tokyo El Pwr	3,300	−10
Tokyo Electron	2,870	+20
Tokyo Gas	500	−1
Tokyo Rope	851	−7
Tokyo Steel	2,280	−20
Tokyo Style	1,670	+30
Tokyu Car	500	−21
Tokyu Corp	698	+6
Tokyu Land	600	−16
Tonen Corp	1,540	+30
Toppan Printing	1,250	−20
Toray Ind ♣	595	−7
Toshiba Elect	682	−1
Toshiba Eng&Constr	1,220	—
Toshiba Machinery	518	+3
Toshoku	815	−7
Tosoh Corp	308	+8
Toto	2,080	+30
Toyo Construct	470	—
Toyoda Autom Loom	1,600	+50
Toyo Ink	587	+2
Toyo Kanetsu	595	−17
Toyo Seikan	2,770	+60
Toyota Motor	1,810	+10
Toyo Tire&Rub	384	−1
Toyo Tst & Bkg	1,150	+10
Toyobo	343	−17
Tsubakimo Chain Mch	480	−3
Tsugami	373	−15
UBE Inds	333	−4
Unitika	294	−7
Victor (JVC)	845	+4
Wacoal	1,240	−20
Yamaha Corp	925	+45
Yamaha Motor	789	+9
Yamaichi Securities	680	−15
Yamanouchi	2,240	+10
Yamatake Honeywell	1,490	−10
Yamato Kogyo	880	—
Yamato Transport	1,150	+20
Yamazaki Baking	2,240	−10
Yaohan Japan	1,380	−50
Yaskawa Elec	385	−16
Yasuda Fire	785	+27
Yasuda Tst & Bkg	830	+10
Yokogawa Elec	860	+10
Yokohama (Bank)	1,090	—
Yokohama Rubber	593	—
Yomiuri Land	916	−48
Yoshitomi Pharm	1,020	−20
Yuasa Corp	499	−8
Zexel Corp	562	−18

AUSTRALIA

November 10	Aust$	+ or −
Aberfoyle	4.20	−.10
Amcor	8.87	−.11
Ampolex	5.84xr	—
Amotts	12.80	+.10
Ashton	2.44	—
ANZ Bank	4.18	+.03
Aust Gas Light	4.40	−.04
Aust Nat Inds	1.92	+.06
BHP	17.18xd	−.04
BTR Nylex	3xd	+.05
Boral	3.84	+.04
Boug'ville Copper	0.84	—
Brambles Inds	13.02	−.12
Bridge Oil	0.73	+.02
Brierley Invs	0.93xd	−.02
Burns Philp	4.25	−.01
CSR	4.80	−.05
CRA	15.80	−.16
Caltex Aust	2.60	—
Carter Holt Hrvy	2.88	−.09
Coca Cola Amatil	10.04	+.14
Coles Myer	5.17xd	—
Comalco	3.35	−.06
Comm Bk Aust	9.66	+.02
Crusader	1.20	−.05
Dominion Mng	0.45	+.02
Email	4.85	+.01
Energy Res	1.50	+.05
FAI Insurance	1.09	—
Fairfax	3.12	+.02
Fletcher Chllnge	3.23	−.09
Fosters Brewing	1.49	−.01
Gen Prop Tst	2.50xd	+.03
GIO Australia	2.94	—
Gld Mns Kalgoorlie	1.11	−.03
Goodman Fielder	1.48	−.01
Hardie (J)	2.30	+.01
Highlands Gold	1.36	−.04
Homestake Gold	1.85	−.10
ICI Aust	8.80	—
Kidston Gold	2.75	+.07

AUSTRALIA (continued)

November 10	Aust$	+ or −
Lend Lease	18.42	−.38
Lion Nathan	2.48	−.13
MIM	2.13	−.01
Mayne Nickless	8.24	+.06
Metal Manuf	3.60	—
Nat Aust Bank	12.20	−.20
Newcrest Mining	5.38	+.02
News Corp	10.32	−.24
Nine Network	5.16	+.01
Normdy Poseidon	2.50	+.01
North BH Peko	3.24xd	+.01
Pacific Dunlop	5.18	−.01
Pancontinental	1.48	—
Pasminco	1.42	−.02
Pioneer Intl	2.52	−.08
Placer Pacific	3.08	−.08
Plutonic Res	6.95	−.10
Poseidon Gold	4	−.02
QCT Resources	1.84	+.02
Renison Gold	4.10	—
Rothmans Aust	7.50	−.10
SA Brewing	3.58	+.03
Santos	3.94	−.03
Smith (Howard)	6.25	−.05
Sons of Gwalia	8.06xd	+.04
Stockland Tst	3.43	—
TNT	1.83	−.03
Telecom Corp NZ	3.30	−.20
Wesfarmers	7.84	+.04
Western Mining	5.56	−.08
Westfield Hdg	7.85	—
Westfield Trust	2.55	+.03
Westpac	4.22	−.01
Woodside Pet	4.32	+.02
Woolworths	3.10	+.02

HONG KONG

November 10	H.K.$	+ or −
Amoy Props	9.90	+.35
Bank East Asia	38	+.25
Cathay Pacific	12.80	+.20
Cheung Kong	38	+.50
China Light	54	+.50
China Motor	55.50	+2.50
Citic Pacific	20.40	+.40
Cross Harbour	17.90	—
Dairy Farm Intl	13.80	−.10
Evergo	5.40	—
Great Eagle	5.25	+.25
Guoco	34.25	−.75
HSBC	87	+1.50
Hang Lung Dev	15.40	+.40
Hang Seng Bank	58.50	+.50
Harbour Centre	9.50	+.05
Henderson Inv	5.95xd	−.05
Henderson Land	32xd	+.25
HK & China Gas	19.30	+.90
HK & Shanghai Hotel	8.80	+.20
HK Aircraft	47	+.50
HK Electric	24.50	+.30
HK Land	20.80	+1.20
HK Realty & Tr A	17	+.20
HK Telecom	15.80	−.10
Hopewell Hldgs	8.30xd	+.05
Hutchison Wps	28.70	+.10
Hysan Dev	22.50	−.20
Jardine Intl Mtr	10.10	—
Jardine Math	73	+3.50
Jardine Strategic	32.25	+2.25
KM Bus	16.60	+.40
Mandarin Orient	8.85	−.05
New World Dev	27.90	+.60
Realty Dev A	28.40	—
SHK Props	57	+2
Shaw Bros	12.40	+.50
Shell Elec Mfg	3.82	−.02
Sime Darby	11.60	−.20
Sth China Mn Post	4.55	−.05
Sun Hung Kai Co	4.40xd	+.18
Swire Pacific A	52	+2
Swire Pacific B	8.30	+.35
Tele Broadcast	27.10	+.10
Wharf Holdings	28.50	+.30
Wing On Co	10.20	—
Winsor Ind	12.40	+.40
World Intl	16.80	+.30

MALAYSIA

November 10	MYR	+ or −
Boustead	4.80	+.10
Hong Leong Credit	17.20	—
Malayan Banking	17.80	+.10
Malaysian Utd Ind	5.10	—
Multi Purpose	5.05	+.05
PBB	2.48	+.02
Sime Darby	6xd	+.05

SINGAPORE

November 10	S$	+ or −
DBS	9.75	+.05
Fraser & Neave	15.50	+.60
Genting	17	+.50
Gamlan Fdr Asia	3.10	−.06
Haw Par	3.36	+.02
Inchcape	8.90	+.25
Keppel Corp	9.85	+.10
OCBC	12.80	+.40
OUB	6.15	+.05
S'pore Air Frgn	11.70xd	+.60
Singapore Press	14.50	−.10
S'pore Telecom C	3.92	+.02
Straits Trading	3.46	+.08
Tat Lee Bank	3.40	—
UOB	8.80	+.10

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. ♣ Free annual report available, see page 31.

TOKYO - Most Active Stocks

Wednesday, November 10, 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	9.1m	323	+6
Mitsubishi Hvy	3.6m	637	−4
Nomura Sec	3.4m	1,780	−20
Fujitsu	3.3m	801	−6
Kobe Steel	3.3m	262	−14
Sumitomo Mtl Min	3.3m	839	+10
NKK	3.2m	250	−8
NEC	3.1m	893	−10
Tokyo Gas	2.9m	500	−1
Hitachi	2.8m	798	−5

4 pm close November 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	11½	AAR	0.48	3.5	693	370	14⅛	13¾	13⅞	
29⅞	13¼	A L Labs A	0.18	1.2	29	751	14⅞	14¾	14¾	-⅛
67¼	54⅝	AMP	1.60	2.5	22	1511	63⅞	62¾	63⅞	+1
72¾	55½	AMR			54	2312	69¾	69	69¾	+⅞
3⅞	1¾	ARX			13	391	3⅝	3⅜	3⅝	+¼
51½	29⅞	ASA	2.00	3.9	33	1849	51⅞	47⅞	51⅛	+2¼
30⅞	22⅝	AbbotL	0.68	2.4	17	10977	28¾	27¾	28¾	+⅞
12⅝	8¼	Abtibi Pr	0.50	4.8	6	13	10½	10⅜	10½	
15⅝	8¼	Acclimeto			44	37	14½	14¼	14⅜	-⅛
36	25½	ACE Ltd	0.92	3.0		354	30⅝	30⅛	30⅝	+¼
12	10¾	ACM Gvt In	0.96	8.2		442	11⅞	11⅝	11¾	
10⅛	9⅛	ACM GvOpp	0.80	8.3		14	9¾	9⅝	9⅝	
10½	8¼	ACM Gvt Sp	0.80	8.0		980	u10⅛	9⅞	10	
11⅝	10½	ACM Gvt Se	0.96	8.3		143	u11⅝	11½	11⅝	
11⅞	9⅝	ACM Man	1.08	9.3		170	11⅝	11⅝	11⅝	
9⅞	8⅝	ACM Managd	0.72	7.8		51	9¼	9⅛	9¼	
12⅝	7¾	AcmeCly	0.44	4.5	13	13	9⅞	9¾	9¾	
11⅞	6⅜	Acme Elecr			38	30	8½	8⅜	8⅜	
27⅝	18⅜	Acordia	0.44	1.9	13	7	23	23	23	-⅛
16	10⅜	Acuson			62	171	13⅞	13⅝	13¾	
21¾	18¼	Adams Expr	0.48	2.5	0	239	19¼	19⅛	19¼	
68¼	45½	Ad Micro	3.00	6.0		230	49⅝	49	49⅝	+1
32¾	17⅞	AdvMic	3.00	15.3	7	9008	19⅞	19⅛	19⅝	+⅞
8⅛	5½	Advest Grp	0.16	2.2	12	47	7⅛	7⅛	7⅛	
24¼	14⅛	Advo Inc	0.08	0.5	72	494	15¼	15	15½	-¼
51¾	41⅞	Aegon ADR	1.23	2.4	10	336	50¾	50⅝	50¾	+⅛
66¼	43⅞	AetnaL	2.76	4.5	36	1136	62⅛	61⅞	62	
34	28½	Aflac	0.40	1.4	13	719	29	28½	29	+⅛
22⅛	16¾	Ahmnson	0.88	4.8	8	1599	19	18⅞	19	
7¾	3⅝	Aileen Inc			6	99	4⅞	4⅝	4⅞	+¼
48½	24⅞	AirPrC	0.92	2.1	24	1877	43¼	41⅝	43⅛	+1¼
32¾	18⅛	Airbne Frt	0.30	0.9	25	1651	31¾	31½	31⅝	
50⅞	16¾	Airgas Inc			43	155	43⅞	42¼	43¼	+1
15⅞	10½	Airlease	1.72	11.2	11	13	u15⅝	15⅛	15⅜	
106½	101	AlaPw8.16	8.16	7.8		2	104¼	104¼	104¼	-1¼
107	102½	Alab 8.28C	7.28	7.1		z20	102⅞	102⅞	102⅞	
18	12¼	Alaska Air	0.20	1.2	3	340	16⅛	15¾	16⅛	+½
19¼	14¾	Albany Int	0.35	2.0	44	381	17⅞	17½	17¾	-⅛
28¼	20¼	AlbCulB	0.26	1.3	14	44	20⅞	20⅝	20⅝	
25¼	17	AlCulvr A	0.26	1.4	13	62	18⅝	18⅛	19⅛	-¼
29¾	23½	Albtsn	0.36	1.4	19	3953	25⅜	25	25	-⅛
21⅝	16⅞	AlcnAl	0.30	1.5	30	3430	19⅞	19⅝	19⅞	+⅛
50⅝	35¼	AlcoSt	0.96	2.0	123	245	48⅜	48⅝	48⅞	+¼
30½	19⅝	AlexBrown	0.60	2.4	5	495	25½	24½	25½	+½
28⅞	18¾	AlexAl	1.00	5.1	35	79	19⅞	19¾	19¾	
24⅛	17	Allegh Lud	0.48	2.2	22	2240	22	21⅝	21⅝	-¼
56⅞	46⅞	AllegP	3.24	6.2	13	169	52	51¾	51⅞	
46	29	Allen Gp	1.75	4.0		11	43½	43½	43½	
29¼	13	Allen Gon	0.24	1.1	21	327	22¾	22⅛	22¾	+½
26⅞	20⅞	Allergan	0.40	1.7	14	414	23⅜	22¾	23⅜	+½
27⅝	16⅞	Allnce Cap	1.40	6.7	26	428	25	24½	24½	-½
10¾	8⅞	Allnce Gl	0.15	1.9		61	9½	9⅜	9⅜	
26½	16¾	Alo Insh	0.89	3.5	15	19	25¾	25	25	-⅛
74⅞	57½	AlcSig	1.16	1.6	16	2877	72¾	70¾	71⅝	+⅞
11⅝	9⅞	AlstMunTr	0.78	6.9		156	u11⅞	11⅞	11¼	
9⅞	7½	AlstIncOp	0.63	7.3		401	8¾	8½	8⅝	
10½	8⅛	AlstMuInc	0.72	7.7		136	9⅝	9⅝	9⅞	
10¼	8⅞	AlstMinc	0.60	5.9		21	10⅛	10	10⅛	
32¾	23	Alltel Crp	0.50	2.0	19	1599	27½	26⅞	26¾	-⅛
7⅞	3⅞	Allwaste			17	2038	5⅛	4⅞	5	+⅛
78⅝	59	Alcoa	1.60	2.3	775	2006	69⅞	68⅞	69¼	+1⅜
47⅞	19¾	Alza Cp A			29	2492	28⅛	25⅞	28	+⅞
13¼	10⅞	AmEvInc x	0.96	8.3		174	11⅞	11½	11⅝	+⅛
8	5¾	Am Precis	0.24	3.3	33	11	7⅜	7⅜	7⅜	-⅛
25⅞	16	Amax	0.40	1.8	6	4430	22¼	21⅞	22	-½
10½	6⅝	AmaxGd	0.08	1.1	8	1702	7⅝	7⅜	7½	
22½	15½	Amcast Ind	0.48	2.4	13	59	19⅞	19⅛	19⅝	+⅛
56¼	43¾	AmdaHs	0.60	1.2	31	1362	49⅞	49⅛	49⅞	+⅞
10¼	9½	Am Adj R x	0.48	4.9		124	9⅞	9¾	9⅞	
29⅞	14¾	Am Barrck	0.02	0.1	34	11085	28	27¼	27¾	+⅛
40⅝	28½	AmBrnd	1.97	5.9	9	2079	33¾	33⅜	33½	+⅛
21¾	14⅝	Am Buld M	0.60	3.0	17	45	17⅞	16⅞	17½	
31	21⅛	Am Bus Prd	0.75	3.3	14	10	22⅞	22½	22⅞	+⅛
8⅞	7½	Am Cap Inc	0.77	9.9		274	7¾	7⅝	7¾	
21⅞	20	Am Cap Bd	1.54	7.6	35	66	20⅞	20⅛	20⅛	
24	20¼	Am Cap CV	1.08	4.7	0	14	22¾	22⅜	22¾	-⅛
53¼	46	AmCyan	1.75	3.4	294	4208	51½	50⅝	51¼	+⅛
40¼	32	AmElPw	2.40	6.7	12	3546	35⅞	35	35¾	+½
36⅝	22⅞	AmExpr	1.00	3.2	13	8317	31⅞	31¼	31¼	-⅝
36⅞	26⅞	AmGenl	1.10	3.8	10	3953	29	28¾	28⅞	-½
9⅞	8½	Am Govt In x	0.77	8.8		187	8⅞	8⅞	8¾	
29	18⅞	Am Hlth Pr	2.24	8.2	5	437	27⅛	26⅞	27¼	+¼
23¼	18½	Am Heritge	0.60	3.1	12	3	19⅝	19⅝	19⅝	
69	55½	AmHome	2.84	4.6	13	4990	62	61⅛	62⅛	-½
2⅞	2	Am Hotels	0.75	31.6	9	10	2⅜	2⅜	2⅜	+⅛
100¼	73½	AmInt	0.40	0.5	16	4260	88¾	87⅞	88	-⅛
12¼	10⅝	Am Opp Inc x	1.00	9.0		184	11⅛	10⅞	11⅛	
57½	37⅛	Am Presdt	0.60	1.1	12	209	56¼	55¼	56	
9½	6⅞	Am Real Es	0.50	5.9	6	44	8⅝	8½	8½	-¼
2⅝	⅞	Am Ship Bd			0	2700	1½	d⅞	1½	
49¼	36¾	AmStor	0.80	1.9	12	464	41⅝	41¼	41⅝	-⅛
65	50¼	AT&T	1.32	2.4	18	26399	56	54⅞	55¾	-½
23	18½	Am Watr 5%	1.25	5.4		10	u23	23	23	
32⅞	24⅞	Am Watr	1.00	3.3	13	23	30⅜	30⅛	30⅛	-⅛
91⅞	70⅛	Amrtch	3.68	4.4	16	2015	83	81½	83	+⅝
38⅞	30½	Ameron Inc	1.28	3.5	14	17	36½	36	36½	+¼
17½	12⅝	Ametek	0.68	5.1	23	811	13⅝	13⅛	13⅛	-⅛
59⅞	48⅛	Amoco	2.20	4.1	15	4298	54⅞	53⅞	54⅝	+⅛
10¼	6¼	AmpcoPitt	0.20	2.9	14	169	[illegible]	6¾	[illegible]	+⅛
7⅞	2½	Amre Inc	0.12	3.2	7	276	3⅞	3¾	3¾	-⅛
35⅞	27⅞	AmSouth	1.16	4.1	5	790	28⅝	28⅜	28½	-⅛
4⅝	2⅞	Anacomp			13	658	3⅞	3¾	3¾	
51¾	25⅝	Anadarko	0.30	0.6	54	1637	48¼	48	48	-½
28	15⅛	Analog			30	9240	23⅛	21⅝	23⅛	+2⅜
27⅛	22½	Angelica	0.94	3.8	22	28	24⅞	24⅝	24¾	+¼
60½	43⅛	Anheusr	1.44	3.0	22	3937	48½	48¼	48½	+¼
27⅞	25⅛	ANR PpePf	2.67	10.4		6	25¾	d25¼	25¾	-⅛
49¾	30½	AnnTaylr			15	714	32½	32⅛	32¼	-¼
16⅞	12	Anthony In	0.44	2.8	15	222	15⅞	15¾	15⅞	+¼
58½	50	Aon Cp	1.50	3.4	16	670	52⅝	51¾	52⅝	+⅞
33½	17⅞	Apache Crp	0.28	1.1	35	2436	25⅞	25⅜	25¾	-⅛
11	9½	Apex Mun F	0.77	7.2		83	10¾	10⅝	10⅝	-⅛
14⅞	8½	APH			37	679	13⅞	13⅜	13⅜	-⅛
105	100	ApcoPwPf	8.12	8.0		2	101½	101½	101½	
14½	4⅞	Appld Mag			2	833	6⅝	6⅜	6¼	-⅛
19½	15⅝	Appl Pw A	0.12	0.8	23	6	15⅝	15½	15⅝	+⅛
26¼	20	ArchDn	0.10	0.4	14	10771	22⅝	22	22⅝	+¼
47¼	39¼	Arco Chem	2.50	5.8	21	6	43⅞	43⅛	43⅞	
10⅝	7⅛	Arvle	0.28	3.5	22	1640	8	7⅞	8	+⅛
43¾	36½	Arizo Pf	3.00	7.1		24	42½	42¼	42¼	-¼
50¾	42⅞	Armco 4 5P	4.50	8.9		4	50⅞	50½	50⅝	
8⅝	4⅞	Armco			11	1694	6⅛	5⅞	6	+⅛
27½	21	Armco 2.1P	2.10	8.2		2	25¾	25½	25½	-⅛
47½	29⅞	ArmsW	1.20	2.6	30	1310	45⅝	45	45½	+⅜
43⅛	28½	Arrow Elec			14	5246	36	35¼	36	+1⅛
7¾	3	Artra Grp			1	152	7½	7¼	7½	+¼
37¼	25¾	Arvin Ind	0.76	2.8	15	665	27¾	27½	27½	-⅛
28⅝	16⅞	Asarco	0.40	2.1	6	756	19¼	18½	18⅞	+⅜
31½	22	Ashld Coal	0.40	1.4	8	22	28½	27¾	28¼	-⅛
35⅞	24¼	AshOil	1.00	2.9	15	2104	34¾	34½	34⅝	-⅛
25⅞	12⅝	Asia Pac F	0.09	0.5		430	19¾	18⅞	19½	+⅛
7⅞	2¼	Asset Invr	0.40	16.9	0	270	2½	2⅜	2⅜	-⅛
41	25½	Ata Nt Gas	0.12	0.3	25	84	37¾	37½	37¾	+¼
30⅛	12⅞	Athlone	1.00	5.4	39	146	18⅝	18⅜	18⅝	
302¼	260¼	At Rich 2	2.80	1.1		2	267½	267½	264	-3½
42½	34	Atlnta Gas	2.08	5.8	16	454	35¾	35¼	35¾	+⅝
10¾	5⅞	Atlnta Sou	0.40	4.0	12	75	10	9⅞	10	+¼
25⅞	20⅞	Atlntc Egy	1.54	7.1	12	387	21¾	21⅞	21⅝	
127¾	107½	AtlRich	5.50	4.9	18	2226	111⅞	110¼	111½	+1
5¼	2½	Atlas			0	627	4¼	4	4⅛	+⅛
31¾	22¾	Atmos Engy	1.28	4.2	13	91	31¼	30½	30½	-⅝
10⅞	7⅝	Atwds ADR	0.33	3.2	15	711	10⅞	10⅛	10⅝	+¼
18½	8⅜	AudioVid			21	185	16⅛	16	16⅛	
21¾	11¼	Augat	0.40	2.1	29	462	19⅛	18⅞	19⅛	+¼
10½	8⅝	Austria Fd	0.02	0.2		113	9⅛	9⅛	9⅛	-⅛
58⅛	46⅞	AuData	0.52	1.0	25	1805	54	52⅝	54	+1
4⅛	2	Avalon Egy			2	58	3⅝	3⅝	3⅝	
25½	16¼	Avemco	0.44	2.3	15	28	19	18¾	18¾	-⅛
42¼	29	Avnet	0.60	1.6	22	1417	38	36½	37½	+1⅛
64⅞	48½	AvonPr	1.80	3.7	14	1681	49	48¾	48⅞	-¼
18⅝	13⅛	Aydin Corp			15	66	15⅛	14½	14⅞	-⅛

- B -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅞	32	BCE	2.64	7.5	40	1133	35⅛	34⅞	35	
8⅛	5⅛	BET ADR x	0.19	2.6	30	61	7⅝	7⅝	7⅝	
8½	3⅝	Bairnco	0.20	5.0	6	56	4	3⅞	4	+⅛
19¾	16⅝	Baker Fent	0.40	2.1		1077	19	18⅝	18¾	-⅛
29⅝	18½	BakerH	0.46	2.1	70	5181	22¼	21⅝	22	-⅛
29¼	19⅜	Baldor Elc	0.40	1.4	23	111	u29¼	28⅞	29	+⅛
37¼	25⅛	BallCp	1.24	4.6	22	456	27½	27⅛	27¼	-⅛
12⅝	6	Bally			33	1941	9⅝	9¼	9¼	-⅜
27½	22⅛	BaltGE	1.48	6.0	12	7805	24½	24⅛	24½	+⅛
13½	6⅞	Balt Bnkcp	0.60	4.5	20	420	u13½	13	13¼	-¼
40¼	35½	BncOne	1.24	3.3	13	10242	37½	37	37¼	+¼
23½	11⅝	BancFirste			8	90	20⅜	20	20⅛	+⅛
27¼	20⅜	BancoBil V	1.17	4.7	9	951	25⅛	24⅞	24⅞	
15½	12⅜	BancoCentH	0.86	6.3	6	130	13⅝	13½	13⅝	
53⅞	40	BcpHawaii	1.38	3.3	10	121	42¼	42	42⅛	
2⅞	1¼	BancTexas			37	375	1½	1½	1½	+⅛
60¼	44¾	Bandag	0.65	1.2	19	133	56	54½	56	+1½
55½	40⅜	BankAm	1.40	3.3	8	7943	42¼	41⅞	41⅞	-⅛
91	71	Bank Bost	5.56	6.4		12	88	87½	87½	-½
29⅛	20¼	BkBstn	0.40	1.8	9	2993	22⅝	22⅛	22⅝	+⅜
49⅞	40⅛	Bk Bostn P	3.04	6.3		2	48½	48½	48½	
62½	50⅝	BankNY	1.80	3.3	10	2852	55⅛	54⅞	55⅛	+⅛
60	43½	BankAm A	3.25	6.6		32	49¼	48¾	49⅛	-⅛
92	78	BankAm B	6.00	6.9		8	86¼	86¼	86¼	+¼
83½	65¾	BnkTst	3.12	4.0	6	1571	77	75⅝	77¼	+1
35	22½	Bclays	0.97	2.9	98	23	33¾	33½	33½	+⅝
35¼	20½	Bard (C R)	0.58	2.2	30	684	25½	25	25¼	
34½	29⅞	Barnes Grp	1.40	4.3	38	11	32¼	32¼	32¼	
60⅝	38⅞	BarnBk	1.44	3.6	14	2049	39⅞	39¼	39⅜	+½
8¾	5⅛	Barold	0.20	2.6	24	5999	7⅞	7¾	7¾	-⅛
10⅞	4⅞	BattlMt	0.05	0.5	144	9194	10⅛	9⅝	10⅛	+¼
57½	43	Bausch	0.88	1.7	17	1472	53⅝	52	53⅛	+1
32¾	20	Baxter	1.00	4.1	13	5029	24¼	23⅞	24⅛	
32	24⅜	Bay St Gas	1.42	4.9	16	80	29¼	28⅞	29⅛	
25	22	Bd Tr 1888	1.72	7.4		23	23⅝	23⅛	23⅛	+⅛
28	15	Bear Stms	0.60	2.8	6	2680	21⅝	21¼	21⅜	-½
50¼	45½	BearStPIA	2.75	5.6		3	49½	49½	49½	
37	20½	Bearings	0.64	2.2	22	160	30⅞	29¾	29¾	-¼
28¼	18¾	Beckman In	0.36	1.3	16	135	27¼	27	27⅛	
40¾	32⅝	BectnD	0.66	1.7	13	2325	38	37¼	37¾	-¼

Continued on next page

4 pm close November 10

NYSE COMPOSITE PRICES

Continued from previous page

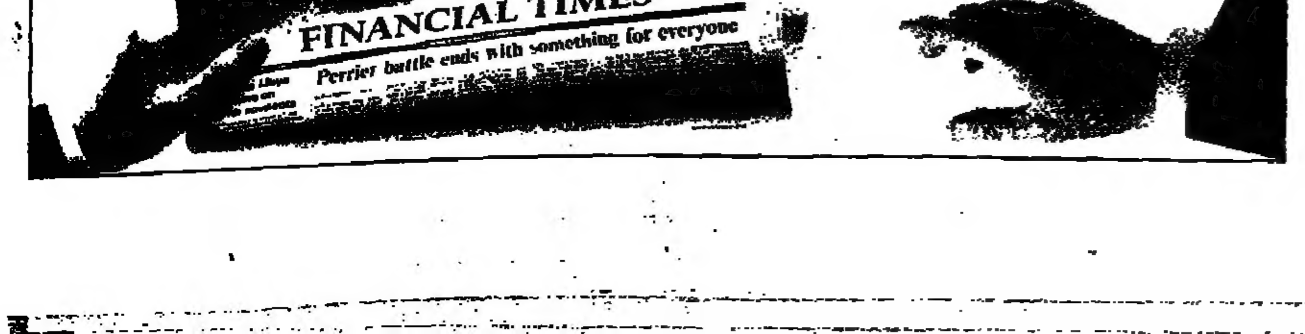
1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
25¾	18⅞	Safeg'd Sc			11	140	u25⅞	24⅝	25½	+1
24⅞	13¼	SftyKl	0.36	2.8	20	1086	13¾	13½	13⅝	
22¼	10⅞	Safeway			27	1809	22	21¾	21⅞	
5¼	2	SafewayWt6				170	5⅛	5	5	-⅛
55	37½	StJoePaper	0.20	0.4	151	84	51½	50⅞	51½	-⅛
37⅞	31	StJoeLSP	1.76	5.5	19	48	32⅝	32¼	32¼	+1
98	75	StPaul	2.80	3.1	14	1008	90⅜	89⅝	90¼	-½
11⅝	7¼	Salant Crp			4	20	7⅞	7⅞	7⅞	+½
75¼	39⅞	Sallie Mae	1.20	2.7	9	1959	44⅞	44⅛	44½	+¼
14⅞	13	Salomon Br	0.32	2.3		485	14⅛	13⅞	14⅛	-⅛
51⅞	34	Salomn	0.64	1.4	10	1688	44¾	43⅝	44⅛	+⅛
27⅞	23¼	SnDgGE	1.48	6.1	13	412	24⅞	24⅜	24⅝	+⅜
5	3½	SantaFeEDv	0.40	8.2	48	10	4⅞	4⅞	4⅞	-⅛
11⅞	9⅛	SantaFeERs	0.16	1.6	337	1514	10⅛	9¾	10⅛	
40¾	35¾	SantaFePac	2.80	7.3	18	13	38½	38¼	38½	+⅛
19⅞	12¾	SanFeP	0.10	0.5	5	3236	19⅝	18⅞	19½	+⅜
31⅛	21	SaraLee	0.58	2.1	19	6673	27⅞	26	27⅝	+⅝
52¼	40⅛	Scana Corp	2.74	5.6	13	138	49⅛	48¾	49	-¼
25¾	20	Scecrp	1.42	7.0	13	8260	20⅞	20⅛	20⅜	-⅛
38⅞	23⅞	ScherrPl			27	464	33¼	32⅝	33¼	+⅝
71	51¾	SchPl	1.80	2.6	17	4840	70⅝	69⅛	69⅞	+⅝
[illegible]	55⅞	Schlmb	1.20	1.9	24	5550	62¼	61⅛	62⅜	+⅛
[illegible]	16½	SchwabC	0.20	0.6	16	5112	33⅝	32⅞	33⅛	+⅛
7⅛	5⅝	Schwitzer			66	56	7	6⅞	6⅞	-⅛
38⅞	17⅜	SciAtl	0.12	0.4	51	1344	34	33⅛	34	+⅛
13⅞	9⅛	Scotsmn	0.10	0.8	12	22	12⅞	12⅞	12⅞	-⅛
41	31	ScottP	0.80	2.2	23	1326	36⅝	35⅞	36⅜	+⅛
28¾	14¼	ScuddrNAsF	0.21	0.9		128	23⅞	23⅛	23⅞	+⅜
11⅛	7½	ScuddrNEuF	0.16	1.6		179	9⅞	9¾	9⅞	-⅛
31½	16¾	SeaCnB	0.70	3.7	9	21	19	18½	18⅞	+⅛
17	15	SeaC1.4625	1.46	9.3		5	15¾	15⅝	15¾	+⅛
30½	24½	Seagrm	0.56	2.0	18	1125	27⅞	27½	27¾	+⅛
32⅞	15	Seagull En			48	775	27¾	27¼	27¼	-⅛
30⅞	21	Sealed Air			29	132	28½	28½	28½	
60⅞	42⅞	SearsR	1.60	2.8	34	6082	57⅞	57¼	57⅝	+1
13¾	12⅞	Seligm Sel	0.84	6.3		137	13½	13¼	13¼	-⅛
48¼	30	Sensormat	0.30	0.6	33	567	u48¼	47	48	+1⅞
34½	18	SequaA	0.60	1.9	18	38	31¼	31⅛	31¼	+¼
35	17¾	SequaB	0.50	1.6	18	29	31	30⅞	31	
28¼	17⅞	ServCp	0.40	1.5	21	970	25⅞	25⅜	25⅞	+⅛
31	17¾	SvMstr	0.88	2.9	16	793	29⅞	29⅜	29⅞	+½
49⅝	28¼	Shaw Ind	0.36	0.8	28	949	46⅞	46⅛	46⅞	+⅝
28⅞	17⅞	Shawmut Nt	0.40	1.9	105	1550	21⅝	21⅜	21½	+⅛
14⅞	10⅛	Shelby Wll	0.28	2.1	29	2100	13⅛	13⅛	13¼	
64¼	48	ShellTr	2.88	4.5	19	1580	63⅞	63½	63⅞	
37	26⅞	SherW	0.50	1.4	19	789	35⅞	35⅜	35⅝	-⅛
25⅝	16½	Shoneys			15	447	21¾	21½	21⅝	
[illegible]	15⅞	Showboat	0.10	0.6	21	2158	18	18	18½	-⅛
[illegible]	19½	Sierra Pac	1.12	5.7	17	190	20⅛	19⅝	19⅝	-⅛
[illegible]	6⅞	SignalApp			3	107	9⅛	8⅞	9⅛	
38⅞	21½	Signet Bnk	0.80	2.4	13	730	32⅞	32⅛	32⅝	+⅛
46¾	23½	SiliconGr			32	4008	44⅝	43¼	43⅞	-⅛
15½	10⅞	Sizeler	1.04	7.6	21	115	13¾	13	13⅝	-⅛
10⅞	7	Sizzler	0.16	1.6	75	281	10	9½	9⅞	+⅛
23	16⅛	Skyline	0.48	2.7	18	27	17½	17⅜	17½	
4⅛	3	SL Inds	0.06	1.5	28	10	4	3⅞	4	
7¼	3⅞	SmithCoro	0.20	3.3	20	365	6⅛	5⅞	6	+⅛

AMEX COMPOSITE PRICES

4 pm close November 10

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Bolar Ph		42	205	6⅝	6⅜	6⅜	
Bow Valley		48	z100	11⅝	11⅝	11⅝	-⅛
Bowmar		41	1034	3⅞	3 11/16	3¾	+1/16
Bowne	0.30	10	30	19⅜	19⅛	19⅜	+⅛
Brascan A	1.04	11	148	10½	10⅜	10⅜	+⅛
Cal Engy		17	1844	17¾	17⅜	17⅜	
Calprop		0	120	1⅛	1	1	-⅛
Cambrex	0.20	13	5	20⅛	20⅛	20⅛	+⅛
Can Marc	0.28	16	z100	11¼	11¼	11¼	
Chatbrs A	0.01	6	1014	3 15/16	3⅞	3⅞	-1/16
Chambers		6	29	4	3⅞	4	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Numac O&G		82	15	6⅝	6⅝	6⅝	
NV Ryan		1	1284	7/16	⅜	⅜	
Odetics A		35	72	10	9⅞	10	-⅛
Olsten	0.24	53	2008	27½	27¼	27½	+⅛
Pegasus G	0.10	125	1948	22⅞	21⅝	22⅝	+⅜
Pentol	0.80	2	128	12⅛	11⅞	11⅞	-⅛
Pet HB&P	1.88	27	8	20⅛	19⅞	19⅞	
Phil LD	0.23	16	2313	59⅛	58	59⅛	+1⅛
Pittway A	0.50	13	7	25¼	25¼	25¼	+⅛
Ply Gem	0.12	21	261	15½	14⅝	15½	+1
PMC	0.80	16	70	13⅛	13	13	-⅛
PresidiolA	0.10	1	401	1⅞	1¾	1⅞	+1/16
RaganBrad		32	3	u30¼	30¼	30¼	+½
RB&W Cp		3	385	6¼	6	6¼	+¼
RiedelEnv		25	94	2¼	2⅛	2¼	+⅛
SJW Corp	2.04	11	44	37	36¾	36⅞	
SthnUnion		42	17	27⅞	27½	27⅞	+⅜
Stan B	0.04	13	138	10⅝	10⅝	10¾	+⅛
TII Ind		34	110	3⅞	3¾	3⅞	
Tab Prods	0.20	34	4	7⅞	7⅞	7⅞	
TelData	0.34	65	254	53½	53	53⅞	-⅛
Thermedics		107	2001	18⅝	18	18¼	+⅛
Thermolase		37	124	32⅝	32	32⅝	+⅝
TotlPNA	0.40	21	687	12⅝	12½	12⅝	-⅛
TownCntry		1	155	3	2 15/16	2 15/16	-1/16
Tubos Mex		14	648	4½	4⅜	4 7/16	+¼
UtdFoodsA		4	2	1 11/16	1 11/16	1 11/16	-1/16
UtdFoodsB	0.20	43	2	1¾	1¾	1¾	-1/16
UnivPtnts		17	382	6¼	d5⅞	6¼	+⅛
US Cellul		244	135	31¾	31⅝	31¾	
Weatherld		31	1100	11	10¾	10¾	-¼
Westamer	0.58	18	85	26⅛	25⅞	25⅞	-¼
WRIT	1.12	19	288	14	13⅝	13⅞	+⅛
Worthen	0.28	9	121	22⅝	22⅜	22½	-¼
Xytronix		8	94	9	8¾	8¾	-¼



NASDAQ NATIONAL MARKET

4 pm close November 10

AMERICA

Dow higher despite rising bond yields

Wall Street

US SHARE prices firmed in light trading yesterday morning, with blue-chip stocks especially strong, in spite of a rise in long-term bond yields, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 15.37 at 3,655.44. The more broadly based Standard & Poor's 500 was 2.05 higher at 462.38, while the Amex composite was down 0.52 at 475.50, and the Nasdaq composite 4.18 higher at 774.02. Trading volume on the NYSE was 163m shares by 1 pm.

Prices struggled from the opening as rising bond yields unsettled market sentiment. The bond market was reacting to rising commodities prices and the latest news on inflation – a 0.4 per cent rise in the October producer prices index. Although the increase was broadly in line with analysts' forecasts, after Tuesday's much better-than-expected producer prices data, the stock and bond markets had been hoping that the consumer prices figures would be equally encouraging.

The increase in bond yields immediately fed through into lower equities, and investors were also troubled by a big jump in weekly unemployment insurance claims. The early losses, however, were not substantial, and smaller-company stocks actually started the day with solid gains. By mid-morning the markets had recovered their poise, prices were inching higher across the board, and it was not long after midday that the Dow's gains hit double-figures.

Semiconductor companies were in demand on reports of strong demand for their products. Only last week the sector was hit by selling on concerns about sales. Texas Instruments jumped $3⅝ to $62⅞, Motorola added $2⅜ at $102⅝, National Semiconductor firmed $1⅛ to $17⅝, and Storage Technology added $1⅜ at $28.

Paramount Communications fell $1⅜ to $80⅞ in busy trading after administrators handling the disposal of the business empire of Mr Robert Maxwell announced that his Macmillan publishing group would be sold to Paramount for just over $1bn.

Telefonos de Mexico rose $2⅜ to $53⅜ as investors suggested that the chances of Nafta passing congress in a crucial vote next week had been boosted by Tuesday night's televised debate between vice-president Al Gore and Nafta opponent Ross Perot.

Walt Disney eased $⅜ to $41 after the announcing that it would help fund its Euro Disney subsidiary while exploring a possible financial restructuring of the troubled theme park.

MEXICO was up 2.6 per cent at midday on optimism over the progress of Nafta. The IPC index was quoted 50.38 higher at 2,004.22.

In Brazil, equities had risen 6.5 per cent by midday on renewed hopes that the government would launch anti-inflationary measures before the year-end. The Bovespa index gained 1,391 at 22,735.

Canada

TORONTO recouped early losses to gain slightly at midday on stronger precious metal and real estate stocks. The TSE-300 composite index was up 5.02 at 4,256.41 in turnover of C$270.82m.

SOUTH AFRICA

JOHANNESBURG had to search for direction but indices ended the day higher: golds put on 13 at 1,900, industrials 23 at 4,538 and the overall 24 at 4,031. South African Breweries advanced R1.50 to R65.50 on good results.

EUROPE

Hoechst loses premium after third quarter slide

INFLATION figures in the US cut less ice than they did on Tuesday, *writes Our Markets Staff.*

FRANKFURT lost Tuesday afternoon's gains, the DAX index closing 1.10 higher on the session at 2,023.84, and the Ibis-indicated DAX falling from 2,040.74 to 2,020.11 at the post-bourse close. Turnover rose from DM7.8bn to DM8.4bn.

Company results news was uninspiring or worse. Mr John Blackley of James Capel chose the first adjective to describe flat profits and dividend from Siemens, which ended the post-bourse with its shares in similar condition at DM715.

Capel reckoned that heavy provisioning hit Hoechst, with the chemical company's pre-tax profits down by 40 per cent after nine months and worse in the September quarter. The shares fell DM5.50 to DM268.70, 63pfg higher than BASF – to which they stood at a DM41, or 20 per cent premium at the beginning of this year.

Meanwhile, Asko's sensitivity to upcoming news was reflected in a new 1993 high on the sale of its stake in Adia, the Swiss employment agency group. The shares rose DM33 to DM991; the sale was predicted in March of this year, but the actuality meant that, for the German retailer, a potential liability was at an end.

PARIS lost virtually all of Tuesday's gains. It was influenced by a number of factors, including a 13 per cent fall in Euro Disney. The CAC-40 index ended down 25.56 or 1.2 per cent at 2,067.33. Turnover was FFr3.6bn. The market will be closed today.

Euro Disney was twice suspended, once before the announcement of its FFr5.3bn loss for the year ended September, and then when, on resumption, it went limit down at FFr37.40. The shares eventually closed off FFr5.70 at FFr38.00.

Mr Michael Woodcock, French analyst at Nikko Europe, commented that the problem with the theme park had more to do with poor turnover of paying customers than expenses. "The group has done all it can to reduce expenses, but it has failed so far to attract sufficient quality visitors who will spend," he said. "The park has also proved to be far more seasonal that Disney ever thought, and compared with other theme parks it still remains expensive."

The operation was faced with huge gearing and a need for massive restructuring, added Mr Woodcock, and it was going to be a long time before the shares attracted investment support.

AMSTERDAM weakened, largely on technically inspired trading related to selling of futures and options. The CBS Tendency index eased 1.8 or 1.3 per cent to 134.2.

Further negative reports regarding Alcazar, which involves negotiations between four European airlines on forming an alliance, left KLM down Fl 1.20 to Fl 38.10.

Royal Dutch closed off Fl 2.40 to Fl 201.60 ahead of results which are expected to be released today; Unilever went against the trend with a gain of 60 cents to Fl 216.60.

MILAN derived little benefit from Senate approval of key parts of the budget late on Tuesday. Shares were dragged lower again by further sharp falls in telecoms stocks.

The Comit index gave up 12.93 or 2.4 per cent to 533.45.

Sip shed L100 or 3.2 per cent to L3,004 in volume of 27.7m shares while Stet fell L192 or 5.2 per cent to L3,507 in volume of 21.9m shares.

Analysts noted that the very high volume of trading in the shares indicated profit-taking by US investors, already unnerved by the country's fragile political situation. The sell-off was sparked on Tuesday by the exclusion of Italian companies from a possible link between AT&T and the German and French state telephone companies, a development which, yesterday, many analysts doubted would have any negative impact in the medium term on Stet and Sip.

Fiat, cutting December car output, shed L77 to L3,345 in volume of 9.4m shares following comments by Mr Giovanni Agnelli that recovery in European car demand could be delayed until the end of 1994.

ZURICH continued higher although shares ended off their best levels with the market unable to maintain the momentum seen on Tuesday. The SMI index, 30 points ahead during the morning, finished 15.0 higher at 2,742.1.

Bearer shares in Adia, the temporary employment group, shed SFr1 to SFr173 as the company announced that Mr Klaus Jacobs was buying the Adia stake held by Asko, the German retailer. However, the participation certificates surged SFr40 to SFr168 in response to news that they will be converted into bearers as part of a share simplification plan.

Sulzer, the engineering group, eased SFr5 to SFr770 after a day's low of SFr764 in response to its forecast of steady profits but a fall in new orders. SMH dipped SFr6 to SFr224 as the watchmaker said it had chosen an as yet unnamed car producer as a partner to build its environmentally friendly Swatchmobile city car.

MADRID's general index closed 1.12 higher at 300.66 in turnover of some Pta23bn. Trading was edgy, but Cepsa, the oils group, rose Pta25 to Pta2,410 on a 56 per cent rise in nine-month profits and Fecsa, the Catalan utility, put on Pta7 to Pta793 on Iberdrola's sale of a 4 per cent stake to Endesa.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

FT-SE Actuaries Share Indices

November 10 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	16.00	Close
FT-SE Eurotrack 100	1344.15	1344.04	1343.84	1342.83	1343.56	1339.51	1334.84	1334.90
FT-SE Eurotrack 200	1408.25	1407.76	1408.62	1408.76	1408.96	1407.33	1400.44	1401.16

	Nov 9	Nov 8	Nov 5	Nov 4	Nov 3
FT-SE Eurotrack 100	1346.87	1337.43	1337.58	1365.93	1381.11
FT-SE Eurotrack 200	1405.41	1395.82	1398.44	1429.46	1442.07

Base value 1000 (26/10/90) High/day: 100 - 1344.61; 200 - 1410.80 Low/day: 100 - 1333.20 200 - 1399.27.

ASIA PACIFIC

Nikkei edges ahead as pressure on JR East subsides

Tokyo

AFTER AN early plunge through the 18,000 level, the Nikkei average finally closed marginally higher after a day of fluctuations, *writes Emiko Terazono in Tokyo.*

Share prices moved on arbitrage activity, margin selling and index-linked buying by financial institutions before the 225-issue average ended 4.00 better at 18,121.71.

The Nikkei saw a low of 17,818.28 in early trading on selling by arbitrageurs and margin liquidation and a high of 18,227.92 later as a rise in the futures market triggered index-linked buying; but in the end, most of the gains were eroded by further selling.

Volume rose to 395.1m shares from 315m. Declines led advances by 751 to 290, with 117 issues unchanged, the Topix index of all first section stocks shed 9.98 to 1,534.78 and, in London, the ISE/Nikkei 50 index lost 0.93 to 1,235.29.

Fears of a further plunge subsided as selling pressure on East Japan Railway receded. Traders said the stock has become an important benchmark for the market, and many investors still fear that a further fall could drag down other leading shares.

Mr Hirohisa Fujii, the finance minister, blamed the decline of equity prices on the recent spate of sluggish corporate results. He said the government was not considering injecting more public funds into the stock market to stimulate prices.

JR East closed unchanged at Y451,000 after initially falling to Y444,000. Nippon Telegraph and Telephone gained Y1,000 at Y756,000. Banks tumbled on index-linked selling: Industrial Bank of Japan fell Y30 to Y3,190 and Dai-Ichi Kangyo Bank Y60 to Y2,200.

Margin selling depressed Fujitsu by Y8 to Y801 and NEC by Y10 to Y893. However, Sumitomo Metal Mining, which had recently lost ground on margin-linked selling, rallied Y10 to Y839 on bargain hunting.

Housing issues were higher on firm condominium sales. Daiwa House Industry moved ahead Y30 to Y1,570 and Daikyo Y10 to Y1,080.

In Osaka, the OSE average fell 137.21 to 20,164.03 in volume of 22.1m shares. The index declined on margin liquidation.

Roundup

THE FIRMER tone was mirrored in many of the region's markets.

HONG KONG surged 2.6 per cent on a late round of overseas demand aimed at blue chips as the market refocused its attention on political developments. The Hang Seng index moved forward 236.97 to 9,325.44 in turnover that reached HK$5.8bn, compared with HK$5.7bn on Tuesday.

The late demand was attributed to expectations of positive news from last night's meeting in London between Governor Chris Patten and a British cabinet committee to map out a strategy for future Sino-British talks on Hong Kong's political reforms.

SINGAPORE's Straits Times Industrial index advanced 27.71, or 1.35 per cent, to 2,081.01 as institutional buyers and bargain hunters concentrated their attention on index-linked stocks.

KARACHI was spurred higher by overseas demand on the view that Ms Benazir Bhutto, the prime minister, will maintain economic reforms begun by Mr Moeen Qureshi, her predecessor, *writes Farhan Bokhari.*

The KSE index rose 41.00, or 2.5 per cent, to 1,655.47, its highest level for 22 months.

BANGKOK moved ahead 2.45 per cent on heavy demand for financial and property issues. The market index closed at the day's high, up 32.29 at 1,347.62.

TAIWAN finished firmer across the board on a technical rebound after five consecutive days of falls, and the weighted index recovered 18.97 to 4,191.41.

A decline in turnover to a moderate T$23.49bn from the previous day's T$27.78bn was attributed to growing caution ahead of local government elections on November 27.

MANILA rallied after a four-day correction, the composite index adding 27.8 at 2,367.87.

KUALA LUMPUR was firm after its recent volatility and the composite index appreciated 13.23 to 950.89.

NEW ZEALAND continued to be weighed down by post election uncertainty and the NZSE-40 capital index dropped 76.82, or 3.7 per cent, to 2,013.76.

AUSTRALIA drifted lower for the seventh consecutive day in the absence of foreign buyers. The All Ordinaries index fell to 2,034.6 before closing a net 7.9 off at 2,042.9. Turnover totalled A$382.9m.

SEOUL was easier after a volatile day, the composite index dipping 2.31 to 777.89.

A Finance Ministry plan to allow some financial companies to raise capital in the stock market sparked early strong demand for financial issues, but the activity came to an abrupt halt when investors discovered that the plan excluded banking institutions.

Sri Lanka soars on strong foreign buying

By John Pitt and Mervyn de Silva

The Sri Lankan equity market has showed an impressive rise over the last week as foreign investors have become even more active.

The market's rally began in May, coincidentally around the time of the assassination of the president, Mr Ranasinghe Premadasa, and as neighbouring markets, such as Pakistan, were also showing signs of coming out of the doldrums.

Since then the Colombo all-share index has climbed by more than 60 per cent and, as measured by the IFC, the market has gained nearly the same amount in dollar terms over the year to date.

Foreign investors dominate equity trading, accounting for between 40 and 60 per cent of daily average turnover, and renewed interest in the country has been sparked in the last week following a conference of overseas institutions held on the island.

According to Susan Murphy, a member of Smith New Court's emerging markets team based in London, confidence in the market was helped by the peaceful transition of political power following the president's assassination. However, she comments, the flow of funds from overseas was beginning to increase around this period in any case.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms Nov 5 1993	% Change over week	% Change on Dec '92	Local currency terms Nov 5 1993	% Change over week	% Change on Dec '92
Latin America							
Argentina	(11)	775.32	-5.6	+33.8	475,759.68	-5.6	+33.8
Brazil	(44)	213.52	+2.1	+70.8	53,822,938.05	+8.5	+2,480.9
Chile	(20)	458.92	-1.4	+9.7	758.73	-1.5	+18.0
Colombia[1]	(6)	517.97	+0.5	+21.8	749.51	+0.2	+22.6
Mexico	(58)	765.41	-2.0	+13.2	1,027.13	-2.0	+13.1
Peru[2]	(7)	110.96	-6.5	+11.0	146.59	-6.1	+46.6
Venezuela[3]	(8)	568.92	-5.8	+9.5	1,299.86	-5.2	+39.2
East Asia							
South Korea[4]	(130)	104.68	+6.2	+6.8	111.27	+6.9	+9.4
Philippines	(11)	239.43	+1.9	+79.3	334.85	+1.9	+107.1
Taiwan, China[5]	(76)	87.90	+4.3	+19.1	87.32	+3.8	+25.2
South Asia							
India[6]	(61)	90.80	+0.4	-3.1	100.41	+0.4	+5.2
Indonesia[7]	(31)	103.40	+5.8	+76.2	118.04	+5.8	+79.5
Malaysia	(61)	272.16	-0.8	+66.4	256.97	-0.8	+62.9
Pakistan[8]	(8)	275.49	+2.6	+37.8	374.06	+2.6	+61.4
Sri Lanka[9]	(5)	155.09	+4.5	+55.1	166.22	+4.5	+66.2
Thailand	(52)	370.15	+2.7	+60.7	372.42	+2.7	+59.7
Euro/Mid East							
Greece	(17)	217.70	-3.1	+11.5	357.48	-2.4	+25.5
Jordan	(5)	164.34	-0.7	+40.7	235.64	-0.7	+42.1
Portugal	(16)	110.20	+0.4	+42.9	131.70	+0.5	+68.9
Turkey[10]	(31)	174.71	+1.5	+161.3	1,063.81	+1.8	+296.7

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Jan 3 1992; (5)Jan 4 1991; (6)Nov 5 1992; (7)Sep 28 1990; (8)Mar 1 1991; (9) Dec31 1990; (10)Aug 4 1988.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY NOVEMBER 9 1993								MONDAY NOVEMBER 8 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	154.45	-0.8	155.93	105.66	136.11	153.88	-0.4	3.37	155.62	155.84	106.29	136.33	154.43	162.83	117.38	112.10
Austria (17)	175.62	+0.2	177.30	120.17	154.76	153.86	+0.4	1.02	175.21	175.46	119.67	153.49	153.20	184.47	131.16	138.51
Belgium (42)	150.72	-0.7	152.16	103.12	132.81	134.55	+0.3	4.28	151.75	151.96	103.64	132.93	134.18	156.76	131.19	136.04
Canada (107)	134.38	+0.1	135.67	91.96	118.41	127.13	+0.9	2.63	134.26	134.45	91.69	117.61	126.00	134.38	111.41	114.85
Denmark (32)	239.14	-0.7	241.43	163.64	210.73	219.70	+0.1	1.03	240.89	241.23	164.53	211.02	218.43	241.06	185.11	193.42
Finland (23)	121.26	-1.4	122.43	82.98	106.86	148.75	-0.9	0.71	122.95	123.12	83.98	107.71	148.07	128.99	65.50	70.82
France (98)	162.72	+0.3	164.28	111.34	143.38	150.85	+1.1	3.06	162.29	162.51	110.83	142.15	149.24	173.05	142.72	147.84
Germany (60)	130.25	-0.1	131.50	89.14	114.78	114.78	+0.5	1.85	130.33	130.51	89.02	114.17	114.17	138.13	101.59	104.66
Hong Kong (55)	368.11	-0.6	369.63	250.52	322.64	363.22	-0.6	3.01	368.40	368.92	251.61	322.74	365.47	386.88	216.82	261.41
Ireland (14)	175.61	+0.5	177.29	120.16	154.75	177.19	+1.3	3.16	174.80	175.05	119.39	153.13	174.87	177.89	129.28	126.81
Italy (70)	62.34	-3.6	62.94	42.65	54.93	77.09	-2.9	2.17	64.68	64.77	44.17	56.66	79.40	76.93	53.78	58.68
Japan (469)	144.00	-2.7	145.38	98.54	126.92	98.54	-2.5	0.83	147.94	148.15	101.05	129.62	101.05	165.91	100.75	100.89
Malaysia (69)	461.93	+1.4	466.36	316.07	407.05	453.83	+1.2	1.51	455.56	456.21	311.14	399.08	448.55	467.72	251.86	279.38
Mexico (19)	1757.77	-2.0	1774.64	1202.78	1549.00	6056.73	-2.0	0.81	1794.32	1796.86	1225.53	1571.88	6180.72	1867.70	1410.30	1531.35
Netherland (26)	193.81	-0.1	195.67	132.61	170.79	168.33	+0.4	3.15	194.08	194.35	132.56	170.02	167.64	197.07	150.99	150.39
New Zealand (13)	63.12	+2.2	63.72	43.19	55.62	61.47	+2.0	3.69	61.75	61.84	42.18	54.10	60.28	68.38	40.56	38.25
Norway (23)	177.15	-0.1	178.85	121.22	156.12	177.51	+0.6	1.44	177.40	177.66	121.17	155.42	176.44	185.10	137.71	131.80
Singapore (39)	304.19	-0.7	307.11	208.15	268.05	223.30	-0.7	1.43	306.35	306.78	209.24	268.37	224.96	332.55	207.04	201.16
South Africa (60)	211.06	+4.1	213.08	144.42	185.99	202.29	-0.3	2.68	202.72	203.01	138.46	177.59	202.94	218.72	144.72	142.26
Spain (42)	137.58	-0.6	138.90	94.15	121.24	141.65	+0.0	4.17	138.45	138.64	94.56	121.28	141.65	145.24	115.23	107.53
Sweden (36)	196.77	-0.6	198.65	134.64	173.40	238.49	+0.2	1.42	198.02	198.30	135.25	173.48	238.11	208.92	149.70	155.23
Switzerland (50)	146.74	+0.8	148.15	100.41	129.33	136.18	+1.6	1.59	145.61	145.82	99.46	127.58	134.01	148.18	108.91	107.84
United Kingdom (218)	184.35	-0.3	186.12	126.13	162.44	186.12	+0.5	3.84	184.90	185.16	126.27	161.96	185.16	193.97	162.00	163.45
USA (519)	187.42	+0.1	189.23	128.25	165.17	187.42	+0.1	2.75	187.30	187.56	127.93	164.08	187.30	191.58	175.38	172.65
Europe (751)	156.53	-0.3	158.03	107.11	137.94	151.58	+0.5	2.98	156.94	157.17	107.19	137.49	150.85	162.97	133.82	132.48
Nordic (114)	187.63	-0.7	189.43	128.39	165.35	197.36	+0.0	1.24	188.99	189.25	129.08	165.58	197.27	194.54	142.13	143.76
Pacific Basin (714)	152.34	-2.3	153.80	104.25	134.25	108.23	-2.1	1.11	155.95	156.17	106.51	136.62	110.60	168.80	105.89	106.42
Euro-Pacific (1465)	153.97	-1.5	155.44	105.35	135.67	125.39	-1.1	1.90	156.25	156.47	106.71	136.87	126.72	162.86	117.28	116.96
North America (626)	184.11	+0.1	185.87	125.99	162.27	183.28	+0.1	2.75	183.98	184.24	125.69	161.20	183.08	187.66	171.51	169.06
Europe Ex. UK (533)	138.43	-0.2	139.75	94.74	122.01	131.09	+0.5	2.44	138.77	138.97	94.80	121.59	130.48	143.73	112.51	119.80
Pacific Ex. Japan (245)	232.94	-0.2	235.17	159.42	205.29	215.69	-0.2	2.74	233.48	233.81	159.49	204.56	216.03	245.12	152.70	190.73
World Ex. US (1651)	154.93	-1.3	156.42	106.02	136.53	127.75	-1.0	1.92	157.04	157.26	107.27	137.56	129.04	162.89	118.51	118.03
World Ex. UK (1952)	162.89	-0.9	164.45	111.46	143.55	142.35	-0.7	2.05	164.32	164.56	112.24	143.96	143.38	168.66	134.22	132.87
World Ex. So. Af. (2110)	164.57	-0.9	166.15	112.62	145.03	145.77	-0.6	2.23	166.00	166.23	113.39	145.43	146.65	170.46	137.29	135.60
World Ex. Japan (1701)	177.54	+0.0	179.24	121.49	156.47	174.08	+0.2	2.81	177.61	177.86	121.32	155.61	173.75	181.67	157.47	155.07
The World Index (2170)	164.78	-0.8	166.36	112.76	145.22	146.27	-0.6	2.23	166.14	166.37	113.48	145.53	147.15	170.68	137.32	135.53

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Latest prices were unavailable for this edition. Spain (Madrid) closed November 9.

VIEWPOINT

The Commerzbank report on German business and finance

Germany's current account: are deficits here to stay?

In the wake of unification, Germany's current account swung sharply from surplus into deficit. At the time, this greatly helped the country to accommodate the tremendous pent-up demand that existed in former East Germany. In any case, the external deficits were considered to be only temporary. However, Germany's current-account balance is now negative for the third year running, with no sign of an improvement in 1994 either.

Trade volumes are declining as a result of recession at home and abroad and at the same time the D-mark has appreciated sharply within the EMS. But these factors do not explain the persistence of the deficit. What has happened to Germany's economy? Are its external surpluses a thing of the past?

Unification takes its toll

Initially, Germany's post-unification import boom cushioned the cyclical downturn in Continental Europe. Furthermore, it was assumed that the surge in consumption would immediately be followed by a strengthening of the supply side. But investment in eastern Germany was delayed by unresolved ownership disputes and administrative problems. In addition, the Bundesbank was left to bear the full burden of keeping inflation in check, as the public-sector deficits soared and EMS governments refused to revalue the D-mark.

Yet the unfortunate combination of recession in Western Europe and the appreciation of the D-mark cannot fully explain why exports are declining. Although the structural deficiencies of the German economy, such as high taxes and labor costs and also excessive regulation, have contributed to the problem, two other factors are now playing a prominent role.

> "The deficit partly reflects structural shifts in the world economy."

For one thing, the increasing importance of multinationals in realizing efficiency gains throughout the world has helped to spur German foreign direct investment, which has risen to more than twice its mid-1980s level. Much of this investment has served to reduce German exports.

Another major change has been the substantial increase in the number of countries which offer technically sophisticated products. This has not only given a substantial boost to world trade but has also led to German exporters losing market shares.

Conventional models show that Germany's current account should return to surplus once the recession in Western Europe is over, domestic inflation is under control, and the D-mark has depreciated in real terms. This is based on the assumption that Germany's deliveries abroad will expand roughly in line with its export markets and its imports will be tied to the growth of domestic demand. However, Germany's external position will remain in deficit for a number of years, as the two structural shifts described above and economic restructuring in eastern Germany will reduce export growth and fuel demand for imports.

In addition, the invisibles balance will deteriorate further. While the country's net foreign assets are declining, net investment income will fall and will not fully compensate for increasing net spending in other areas, such as travel and transfers to the EC. What is more, it will be several years before the German public deficits have been sufficiently trimmed. Consequently, the current account may well remain in deficit until the turn of the century. Nonetheless, as long as inflation is firmly under control and the current-account deficit primarily reflects strong capital investment activity in Germany, it would be wrong to interpret this as an imbalance which needs to be tackled with the aid of policy measures.

Germany's current account

annual figures, in DM billion